FINANCIAI, TIMES

### P & O group faces charge over ferry disaster

P & O European Ferries, the company which owned the ill-fated Herald of Free Enterprise car ferry which capsized off Belgium with the loss of 193 lives in 1987, is to be prose-cuted for manslaughter. It will be one of the first such prosecutions of its kind. Summonses for manslaughter

were also issued against two of the Harald's senior officers, a crewmen and four Townsend managers. Page 11

ANC talks signal The African National Congress gave the clearest signal yet that it is preparing for negotia-tions with the South African government over the ending of spartheid. Page 4

Friendship pledged The Soviet Union and Iran bur-ied their often hitter differ-ences, and pledged good neigh-

bourliness and non-interference in each other's internal affairs. Page 24

## Blow to Pasok

Greek Socialists' hopes of remaining in power after last Sunday's inconclusive general election through a coalition government with the opposition Communists received a serious setback, Page 3

### Unita caution

Officials of Angola's rebel Unita movement cantioned against prospects for a successful outcome to the summit aimed at ending the country's 14-year civil war. Page 4

Pozsgay vote move Hungary's Communist Party will go into opposition if defeated in next year's planned elections, Mr Imre Pozsgay, the ruling Politburo's leading

### reformer, has said. Page 3 Party sacks leader

<u>ئۇنى</u>.

y \*

Georgian Communist Party in the Soviet Union, taking an increasingly independe line from Moscow, has now sacked its Russian deputy leader, in a new gesture of defiance. Page 2

### Left changes policy The Socialist international, which groups more than 80 leftlst and social-democratic parties from around the world, has embraced the market econ-

omy. Page 3 N-power prediction Nuclear electricity output by Western industrialised coun-

tries will reach a peak next year before declining steadily to the end of the century, according Nuclear Energy Agency. Page 3 Afghan victory claim

President Najibullah, giving his first significant public assessment of the Afghan war since the final withdrawal of Soviet troops four months ago, said government forces had won a crucial first victory against Mosiem guerrillas,

# **Telecom meeting**

West German and French officials will be meeting in Dus-selfdorf later today to see whether they can thrash out a compromise on how Europe's telecommunications services market should be liberalised. Page 2

Jewels for the East A metal and paste replica of the Crown Jewels was bought for £29,700 (\$45,343) by s Japanese jewellery firm at Sotheby's auction rooms in London.

### Business Summary

### Japan, Brazil and India refuse US trade talks

Japan, Brazil and India, the three countries targeted as "unfair traders" by the US, all formally refused the bilateral consultations the US is calling for under its new Trade

CARLO De Benedetti, Olivetti chairman, is considering acquiring part or all of tha Oli-vetti stake that is owned by American Telephone & Telegraph (AT & T) in a move designed to ensure future shareholder stability, Page 25

STC of the UK and SAT of France, two of Europe's leading telephone transmissions companies, are linking up in a collaborative arrangement which marks a new phase in the rearrangement of the transmission of the tale. the reorganisation of the tele-communications industry.

PROFITS as reported by some of the UK's largest companies will be shaken up by a recommended rule change which proposes that goodwill from acquisitions should be put on balance sheets. Page 24

**EASTERN** Air Lines has asked a bankruptcy court for permis-sion to break its labour con-tract with striking pilots, a strategy its parent, Texas Air, used six years ago to defeat pilots at Continental Airlines, its other operating subsidiary

COMMERCIAL Union, British composite insurer, surprised observers of the rapidly-growing Italian insurance market by signing an agreement with Credito Italiano, allowing it to sell both life and non-life insurance via the bank's 503 retail outlets. Page 25

PIRELLI Tyre Holding shares will be floated giving the new unit that groups the Italian concern's tyre operations a (\$1.1bn). Page 27

**BOB Hawke, Australian Prime** Government to ensure that decisions by the Monopolies and Mergers Commission on Australian corporate takeover were made on purely economic grounds, Page 4

CONGRESSMAN Henry Conzalez, chairman of the House Banking Committee, ordered an intensive study of the US Federal Reserve Board, which he says has misinterpreted US banking law hy unilaterally giving American banks new powers. Page 6

SWITZERLAND's net foreign assets rose last year from SFr271bn to a record level of SFr300.4bn (\$172bn) according to estimates published by Union Bank of Switzerland.

BERLINER Bank has formed a joint venture with the Knwait Investment Office to channel investment into medi-um-sized West German and other European companies.

**HONG Kong-listed China** Entertainment Strategic Investments, investment company within the Evergo Group surprised the Hong Kong stock market with the announcement of a rights issue to raise HK\$393.5m (\$50.3m). Page 26

PERUSAHAAN Otomobil

Nasional (Proton), manufacturer of Malaysia's national car, made a pre-tax profit of 32m ringgit (\$11.8m), compared with a loss of 58m ringgit the previous year. Page 26 **EGYPTIAN** and IMF officials have reported progress in their talks on a new economic reform programme, after nego tiations had been stalled for many months. Page 4

**PORTUGUESE** government plans new privatisation laws, to encourage the sale of some state-owned companies by tender, and increased investment flexibility. Page 27

STOCK INDICES

Dow Jones Ind. Av.

Brent 15-day (Argus)

\$17.25 (+0.47) (July)

\$19,255 (-0.02) (Aug)

West Tex Crude

New York kunchti

2,479.51 (+14.60)

# Gold Fields set to bargain after £3.1bn Hanson offer

By Nikki Tait and Kenneth Gooding in London

HANSON. Britain's most acquisitive major conglomerate, yesterday produced a £3.1bn (\$4.8bn) offer for Consolidated Gold Fields, the UK-

idated Gold Fields, the UK-based mining multinational. Gold Fields, still reeling from the slege by Minorco, the South African-controlled investment company, last night sent clear signals to Han-son that it wanted to negotiate agreed terms although it would drive a hard barrein over the drive a hard bargain over the

price.

"Hanson's opening offer completely fails to reflect the value of Gold Fields. It would benefit Hanson's shareholders but it does not sufficiently benefit ours," said Mr Rudolph Agnew, Gold Fields' chairman.

The move was considered in the City of London to be impeccably timed. The London stock market took the view that only a little more would be needed

market took the view that only a little more would be needed for Hanson to gain control, and the Gold Flelds shares advanced by £2.03 to £14.56.

Gold Fields won a bitter eight-month bid battle only a month ago when a New York court injunction prevented Mineres taking control in the Minorco taking control in the UK's higgest takeover attempt. This was in spite of the fact that Minorco had acceptances for 55 per cent of the Gold

Minorco has now irrevocably accepted Hanson's offer of fil430 a share for its remaining 30 per cent stake in Gold Fields.

James Capel's mining team, suggested that Gold Fields' institutional shareholders might feel "enough was enough" after the protracted battle with Minorco and he happy to take their profits. happy to take their profits.
Minorco's final offer was

Minorco's final offer was worth £3.5bn or £15.50 a share hut only £11.25 was in cash with the rest made np with Minorco shares. Minorco's share price rose by £1.06 yesterday to £9.94. The company said it will make a £400m profit with the back related in £6.14 on the book value of its Gold Fields stake and collect about £1bn to add to its existing cash hoard of £1.3bn.

There was consequently a sharp increass in the share prices of Charter Consolidated and Johnson Matthey, companies within the Minorco orbit. Hanson's share price rose by 11p to 214p, not only reflecting the view that the deal was a good one for the group but also because the move on Gold Fields ended speculation that the days of major corporate

bids by Hanson were over.

The City assumed Hanson, if successful, would keep Gold Fields' aggregates subsidiary, ARC, formerly known as Amey Roadstone, and sell most of the other aggregate. Among them is 40 other assets. Among them is 49 per cent of Newmont Mining, the higgest gold miner in the US, whose shares yesterday jumped by \$5% to \$40%. Mr Mark Wellesley-Wood, Continued on Page 24



### Background, Page 22; Lex. Gold Fields chairman Rudolph Agnew in London yester-Page 24 day: "I don't think you can hide your head in the sand." Mr Andrew Quinn, head of Relaxed Agnew ready for battle

By Richard Lambert in London

FOR a man who finds himself - yet again - on the wrong end of a £3hu-plus hostile bid, Mr Rudolph Agnew looked remarkably relaxed yesterday. By the time the Minorco bid had ended in the middle of last month, he had seemed tense and exhausted. Yesterday, ha appeared positively sunny about the prospect of n fight with Lord Hanson. "He came round to see us on Wednesday night, and was very civilised - in stark contrast to the pre-vious lot," explained Mr Agnew, who has been chair-man of Consolidated Gold Fields since 1983, "It's a totally different situation from the

Minorco offer. That bid was in our view underhand, and it raised all kinds of concerns - the shareholders' interests, the public issues, the long-term needs of the company and the employ-

ees - all of which were pulling in different directions." in different directions."

Mr Agnew, 55, has worked all his life for the company: his father and his grandfather were also deeply involved in its affairs. Why didn't he feel more passionate about the possibility that Hauson might be about to buy the business and

break it up? "I don't think you can hide your head in the sand and be against change, even though some of that change may be unpalatable and not what you would desire. But if it is logical and conducted in a sane way, you can have no real argument

Whereas Hanson's cash offer revolved around the straightforward question of price, Minorco had been fought on a variety of different fronts
- such as its links with South empire, the true value of its shares and anti-trust concerns in the UK and the US.
"With Minorco, you had to
go out fighting on every front,
and emotion was a great help,"
Mr Agnsw added. "On this

occasion, what you need is sound financial arguments." These might take time to develop, since as Mr Agnew concedes, Consolidated Gold Fields has already put a lot of its goodies in the shop window in order to fight off Minorco.
Moreover, it seems unlikely
that the Hanson offer will get
tangled up in the US courts in
the way that in effect killed the

last hid. "Some legal issue might pop out of the wood-work, but we are not thinking in those terms with this one," Mr Agnew said. "The Hanson offer appears to be a straight-forward question of share-holder value."

The Minorco bid, by con-trast, had threatened the break-up of a British company for the ultimate benefit of taxfree shareholders in a Luxen-bourg-based company. "I have very strong npinions on Minorco," Mr Agnew added, just in case the point was not Lord Hanson has a reputa

tion for aggressive knifework on his acquisitions, and some of Gold Fields' assets – like its elegant headquarters in a very smart part of London – would seem unlikely to remain long under his regime if the bid succeeded. But then "Minorco had said on day one that they were going to sweep away everything other than the operating management in the field."

There was certainly no mood of surprise or panic in the St James's office yesterday. It was Continued on Page 24

. . . 9.5 million potential

freight facilities only 40

markets are within easy

development land at

available for construction.

refurbishment, research

second to none - making

and development and

marketing . . .

reach . . .

# Executions in Peking reach 27 as outcry continues

By Steven Butler in Peking CHINA put seven more of its citizens to death in Peking yesterday, ignoring an international ontery against the execution of pro-democracy

This hrings to 27 the number of executions in the last two days, including three in Shanghai and 17 in the city of Jinan. The crimes of the 17 in Jinan, Shandong province, are not clear.

The executions seem bound to embitter relations further between China and the West, where widespread revulsion where widespread revulsion has been expressed, along with calls for stiff sanctions. However, Mrs Margaret Thatcher, the UK Prime Minis-

ter, yesterday rejected sugges-tions that Britain should call for European Community sanctions when leaders of the 12 member states meet in Mad-rid on Monday. She said such action could cause "panic" in

Hong Kong. EC leaders are expected to issue n strong condemnation of the continuing executions. The European Commission is considering suspending all its co-operation projects in

In Washington Mr James Baker, Secretary of State, told Congress that the US did not at present plan any further diplomatic or economic sanc-

tions against China.
In Peking the seven executed had been convicted of cuted had been convicted of burning military vehicles, stealing equipment, and attacking troops during the turmoil there three weeks ago.

Amnesty International, the London-based human rights group, has said that more than 200 were reported to have been executed in China during 1987.

More than 8.000 people were

More than 3,000 people were put to death in 1983 during a nationwide anti-crime cam-paign. Many of the executions took place in large public sta-

organisations swung into action around the country yesterday, arresting 13 people who were alleged to have been spies for the Nationalist Party

in Taiwan. They were are also accused of fanning unrest.

The arrest of the 13 seems timed to coincide with a propaganda campaign aimed at discrediting the protest movement, which the Peking leadership says was manipu-lated by a small minority of rebels intent on overthrowing the Government. China's old men, Page 4

### Gonzalez calls for decision on economic umiom

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By David Buchan in Brussals and lan Davidson in Paris

LEADERS of the 12 European Community states should adopt a decision" on economic and monetary union when they meet in Madrid oext week. Mr Felipe Gonzalez, Spain's Prime Minister and the summit host. has told his fellow heads of

government.
in the traditional host's letter preceding an EC summit, he confirmed that he wants to give top hilling to the two issues - mooetary union and social affairs - which will give his British counterpart, Mrs Margaret Thatcher, maximum

political discomfort. The Madrid summit takes place st an "especially momeo-tous" time, Mr Conzalez said, with the EC halfway through its single market programme and substantial changes on the international stage and this mooth's European Parliament elections "confirm the vitality of our European construction

wenture."
His last reference is significant, in view of the overall leftward shift in the polling which appears to indicate support for an EC workers' rights charter. Mr Conzalez proposes to begin the meeting on Monday morning with "a thorough debate" on the Delors commit-tee report on ecocomic and monetary union, which will get "all the time and attention it deserves." He hopes that this will produce "substantial prog-

No one expects the summit to produce a snap vote to revise the Treaty of Rome, as happened at Milan in 1985.

But Mr Gonzalez seems to be indicating to Mrs Thatcher that while there will be pleoty of time for bargaining at the

of time for bargaining, at the end of the day the majority of EC states which sopport tha entirety of the Delors report will want to put that firmly oo

The French and West Ger man governments said that they will also be seeking reasonable progress oo the main agenda, but they will not be looking for a confrontation

with Britain.
During s working lunch in Paris, President François Mit-terrand and Chancellor Helmut Kohl agreed oo a "commoo will" to seek progress both on Economic and Mooetary Union, and on the Communi-ty's social dimension. Pohl warning, Page 2; Editorial comment, Page 22

# Takeover battle for Gateway speeds up as bids exceed £2bn

A HIGH-SPEED auction for the

Gateway, the UK food retailing gronp, broke out yesterday with the two rival bidders raising their offers in quick succes-sion and sizeable tranches of the group's shares changing

By the end of day Isosceles. the newly-formed company headed by sccountant Mr Dsvid Smith and advised by SG Warburg, had increased its leveraged offer from 215p a share to 230p, valuing Gateway at £2.05bn (\$3.18bn). Isosceles also claimed con-

trol of 44.8 per cent of its tar-get. However, part of this comes from acceptances and shares owned by parties acting in concert with Isosceles. Tha company itself nows owns 37.6 per cent of Gateway's equity and has a further 1.9 per cent irrevocably pledged to it. The new Isosceles offer, how-

ever, was speedily topped by a revised joint bid from partnerships managed by Wasserstein Perella, the US corporate finance bontique, and Great Atlantic and Pacific Tea Company, the fourth largest food retailer in the US. WP/A&P raised their terms to 235p a

raised their terms to 235p a share which won recommendation from Gateway itself.

The WP/A&P camp also attempted to pick up shares through the market. By 4pm, Samuel Montagu, the UK merchant bank advising the WP partnerships, announced that it had taken its stake to 1.8 percent and subsequent purchases by Samuel Montagu and NM hy Samuel Montagu and NM Rothschild – advising A&P - are thought to have raised it to slightly above 3 per cent in later trading.

The high-stakes poker game started just before hunch, when

Isoscelss announced it had bought a 15.1 per cent stake in Geteway from Associated British Foods. The shares were acquired at 230p and this increased price was extended to all shareholders.
After increasing its offer,

Isosceles attempted to push up its holding in Gateway through market purchases. However,

the rival bidders said quickly they were considering their options and hy half past one, the announcement of their new terms was also on the table. Isosceles then compounded the delicate situation by stating that it would not accept the revised A&P/WP offer in

respect of the shares it con-trolled. It also reserved the right to review the value ascribed to shares in Isosceles, thus determining the value of the cash and paper alternative. Isosceles' previously stated cash and paper alternative would give shareholders cash of 215p and shares in Isosceles "having s value of not less than 150 It said last night that no

additional financing was involved in its new offer. The WP/A&P camp said that their increased funding for the \$2.09bn offer would come from A&P and the Wasserstein Per-ella partnerships, rather than

the banking backers. Exchange, Page 37

relocation painless . . . . . . The choice, size and style of housing is wide with brices Lex, Page 24, London Stock well below the national

average. Technology: Why R & D muscla must be toned

WIGAN

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Diilas calis up phoenix from Communism's embers



Milovan Dillas is tha Communist world's longest-surviving dissident, and among (ts most distinguished. He was the first to criticiss from within the crualties, stagnations and inevitabla impasses ol state Socialism.

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### MARKETS.

Australian \$
against the US\$ (A\$ per US\$) INTEREST RATES

Federal Funds 92% (91<sub>2</sub>) 3-mth Treasury Bills: yreld: 8.426% (8.416) Long Bond: 106월 yield: 8.298% (8.336)

FFr6.6525 (6.6875) SFr1.6875 (1.7025) GOLD New York telest 3-month interbank: close 1333% (seme) Comex Aug 5374.2 (375.7)

STERLING

New York lunchti \$1.54525 (1.5555)

London: \$1.5530 (1.5495) S&P Comp DM3.0425 (3.0525) 321.71 (+1.23) FFr10.3325 (10.3625) SFr2.6200 (2.6375) FT-SE 100 Y219.00 (222.75) 2,180.0 (+7.8) World: New York I DM1.9655 (1.962) FFr6.6730 (6.6565) 140.78 (Wed) Tokyo Nikkel Ave Y141.30 (142.65) 33.324.97 (-20.31) Frankfurt DM1 9595 (1.9700) 1,844.2 (+14.7)

### **EUROPEAN NEWS**

# Paris and Bonn seek accord on telecom market

next month.

to the French.

being reached.

Mitsubishi offers a different view of fax.

the demands of different kinds of users exactly.

few) features as you want. And you only pay for

you see what you're sending.

of advanced technology. Mitsubishi.

what you need.

It goes far beyond the face-up facility that lets

We've given each of our four models a combina-

You can buy the model with as many (or as

mented until the beginning of

It remains to be seen

whether this will be acceptable

should abandon its controver-sial approach of forcing

clear answer on this in spite of repeated questioning. In private, however, officials

admit that they want the Commission to reserve the right to force the reforms through in

the event of a compromise not

They are not willing to say

so in public because of fears that a similar technique will be

used in other areas where they

The British government is

taking the same approach of supporting the Commission in

private but not committing itself in public.

By Hugo Dixon in Bonn

WEST GERMAN and French officials will be meeting in Düsselfdorf today to see whether they can thrash out an acceptable compromise on how Europe's Ecu 75bn (£50.4bn) a year telecommuni-cations services market should one of Europe's more liberal countries - a change incorpo-rated in a new telecommunicabe liberalised.

The European Commission's ambitious scheme for freeing up much of this market has run mto deep water recently as the result of criticism from several of the Community's governments, led by France. Even Germany and the UK, both of which support the hasic principles behind the reform, have been embarrassed by the way the Commission has tried to force it through

without a vote. Today's meeting between the Bundespost, the German tele-communications monopoly, and France Telecom, offers one of the best chances of breaking

If they can reach agreement, it is likely it will become the consensus for the rest of the community. The special relationship between France and West Germany was highlighted in an interview this week by Mr Christian Schwarz-Schilling, Germany's telecom-munications minister.

"If there is a split between Germany and France, there will be no European market at all. We are not hesitating, but we have to do our political jobs. We must not sacrifice our friendship with France," be

The two countries find themselves oo opposite sides of the debate because of different approaches to telecommunica-

### Proposal on compulsory EC car standards

By William Dawkins and Kevin Done in Brussels

present set of voluntary Euro-

FULL proposals for a mandatory system of EC-wide tions liberalisation at home. Since the Socialists returned technical approval for cars should be in place by the mid-dle of next year, a senior Com-mission official said yesterday. to power last year, France has become more dirigiste. Germany, oo the other hand, has moved from being the bastion of monopolistic attitudes to The Brussels authorities will table the three technical directives needed to complete the

pean standards for cars by the end of this year, said Mr Bein-rich von Moltke, deputy direc-tor general of the Commis-sion's industry department. tions structure which comes into force at the beginning of The Germans are hoping they can persuade the French He told a seminar at the Centre for European Policy Studies that the Commission to accept the Commission's liberalisation plan. However, they would then table plans to make the system mandatory in are expected to sweeten the pill by suggesting that the propos-als should not be fully imple-

The present incomplete voluntary standards guarantee free access across the EC to cars that use them, but leave it to producers to have their own norms for cars sold purely in their domestic markets. Com-The Germans refuse to be pinned down in public on whether the Commission manity standards would have to apply across the board if EC governments accept the forth-

governments accept the forth-coming technical plans. The remaining three to be tackled, from the full set of 44, cover windscreens, tyres and towing weights. Brussels pro-posed all of them in the early 1970s, but the French govern-ment, supported by Italy, has blocked agreement, fearing they will make it too easy for Japanese cars to invads their highly-protected markets. Under the EC's new rules, these standards only need through its programme and put it to a vote. Mr Schwarz-Schilling would not give a

these standards only need majority support, rather than unanimity as before, so France and Italy could be outvoted. The Commission will also propose separate harmonisation plans next year for buses, coaches, trucks and motorcycles, said Mr von Moltke.

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# Ferrari UK designer runs out of road

By John Wyles in Rome

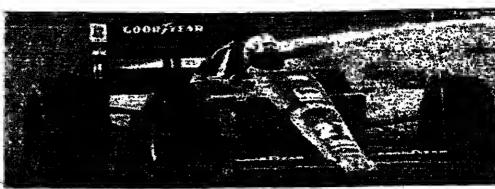
At the outset three years ago it seemed to be a union which promised more for Anglo-Italian relations than a dozen royal visits to Rome.

But the frequently testy rela-tionship between John Bar-uard, British racing car designer extraordinary, and the Ferrari Formula 1 racing team has ended in disappointment and disillusion.

Barnard's refusal to move from Surrey to the Ferrari base at Maranello has long been seen as an affront by those who report on motor racing for Italian newspapers. But even they could have

forgiven the perfectionist Briton for any cultural snub if he had provided a winning car. Sadly, the chequered flag has rarely waved over the Ferrari prancing horse during the Barnard years.

The Barnard car has falled to finish in 10 of 11 starts. The one race it did survive, on the first day of the season in Bra-zil, was a story book first place with Britain's Nigel Mansell at



Nigel Mansell at the wheel of the Ferrari F1-89 earlier this year

"A thousand day reign which leaves no regrets," said one headline in yesterday's La Stampa newspaper, which only the mischievous would inter-prete as the official view of the Flat group - Barnard's Italian employer and the owner of La

Stampa.
The designer was hired in 1986 by the old autocrat him-self, Enzo Ferrari, who regarded him as a "masstro"

and indulged him to the extent of building a research and design centre in Guildford. After Ferrari's death last

year, the tough Fiat profession-als from Turin moved in, exercising the right of proprietor-ship which had been theirs since 1969-but never exercised during the old man's life. They too, like the racing team's millions of adoring fol-

lowers, must have been puz-zled as to why Barnard could

not turn the trick which delivered three consecutive world championships between 1984 and 1986 for the Maclaren team with cars of his design.

At a meeting in Maranello on Wednesday with Piero Fusaro, the Ferrari president, and Cesare Fiorio, the team manager, Barnard would not budge and Ferrari, therefore, would not renew his contract which expires at the end of the season.

### Pöhl warns against weakening Bundesbank

By David Marsh in Munich

TRE WEST GERMAN Bundesbank president, Mr Karl Otto Pöhl, yesterday warned the Bonn government against taking hasty steps to weaken the central bank's monetary policy powers as part of a move towards Euro-pean monetary union.

Mr Pohl's comments represented a strong defence against any possible moves to tamper with the Bundesbank's

monetary autonomy.

The Bandesbank president issued his call a few days ahead of next week's European Community summit in Madrid, at the annual meeting of the IFO Economic Research Insti-tute in Munich.

Mr Pohl said that a series of already agreed steps towards greater economic convergence in the Community would have to be implemented before any new and far-going institu-tional changes could be consid-

The measures which would need first to be put into effect included the setting-up of the Community's single market, the entry of all Community members into the European monetary system, and the full liberalisation of capital move-

808

4.5

ments.
Confirming his pragmatic views about the opportunities for increased monetary co-operation, Mr Pöhl said monetary convergence in the Community did not necessarily require establishment of new institutions.

Converging the operation of

Concerning the question of setting up a European Central Bank system to harmonise monetary policies, he said that strict conditions should be laid

down.

There should be no question of transfer of "monetary policy competence" without a formal treaty ratified by parliaments.

This would effectively take the place of the Bundesbank law underwriting the central bank's independence when it had been set up in 1957, he said.

"I must doubt whether the

time is right for such a far-reaching remunciation of sovereignty," Mr Pöhl added, echoing some of the language used about European momentary union by Mrs Margaret Thatcher, the British Prime Minister. Mr Pohl declared that, for the functioning of monetary

union, neither a common curbank was necessary. "It is more important that

the member-countries should follow a consistent policy with the same objectives," he said. A government conference to

set up a new mooetary system would run the risk of being called too early and of being badly prepared. This could split the Community and lead to failure. The Bonn government could

water down the mouetary autonomy of the Bundesbank only if it was sure of replacing it with something "equivalent or better", Mr Pöhl went on. This was by no means certain.

tain.

The report nn monetary union drawn up under Mr Jacques Delors, the Commission president, hed set down a range of principles for a future European central bank system, but it was "doubtful" how and if these could be realised.

# Human rights and the exit visa test

By Ian Davidson in Paris

MR VI.ADIMIR Tsivkin, a 38-year-old engineer, was sitting yesterday on a platform in a public hall in Paria, next to Alexander Lerner, a 33-year-old naval architect, and Semyon Axelrod, a 32-year-old computer programmer. All three ung men had come from Leningrad to Paris, as concerned visual men were allowed to come to French human rights group committee of Fifteen, five othgrad to Paris, as concerned visitors to the first East-West Human Rights Conference. They are eloquent witnesses

to the contrasts and the contra-dictions in the opening-up of conditions in the Soviet bloc. In principle, all 35 signatories of the Helsinki Final Act, and of this year's subsequent Vienna agreement, committed themselves to allow their own citizens to attend the Human

French human rights group Committee of Fifteen, five others were refused permission to attend the conference. Moreover, Mr Tsivkin only

received his passport yesterday morning, to attend a confer-ence which started a month ago, and which closes at lunch time today.

On the other hand, the three visitors from Leningrad have been enabled to give publicity to the plight of the Jewish refu-

seniks, forbidden by the Soviet authorities to emigrate. The Committee of Fifteen has a dossler of 620 names of refuseniks, which it claims falls far short of the full total. In 1985 Mr Mikhail Gorba-

chev told French television that the possession of state secrets was the only reason for refusing an exit visa, and that such a refusal could only last five years. Mr Tsivkin has been seeking an exit visa for ten years, which has been refused due to sensitive employment which he left 11 years ago. His two companions are

being denied exit visas by the "poor relations" provision, under which a would-be immigrant needs the agreement of

can leave the Soviet Union. Sir Anthony Williams, the chief British delegate, yesterday said that the four-week conference had been a success, because it had got the new human rights mechanism off to a good start. Some semi-official Western participants claim that they have found the Soviet representatives comparatively ready to discuss the issue of emigration, and believe that the problems of the Jewish refuseniks may be open to negotiation.

his close relatives before he

In his closing statement ye terday, Sir Anthony said that the conference had been a success for the number of interest-ing ideas put forward.

### Schönhuber urges coalition of W German conservatives

By David Marsh in Munich

MR FRANZ SCHONHUBER. chairman of West Germany's far-right Republican Party, yes-terday flung down the gauntlet to the country's mainstream conservatives by calling on them to join him in future coelitions or else risk further

ebbing of power.
Mr Shonhnber, profiting from 7.1 per cent of the votes in Sunday's European elections, gave an ebullient press conference in a Munich beer cellar yesterday in which he underlined his pleasure at potentially holding the balance

of power in Bonn.

He said that alleged amear campaigns against his party from the established right—the Christian Democratic Union (CDU) and the Bavarian Christian Social Union (CSU) would add to his party's sup-

As a result of West Germany's generous party financ-ing rules, the Republicans will gain DM16m (\$8.12m) in tax-payers' funds following Sun-day's score. Mr Schönhuber said the money would be used to boost organisation, especially in north Germany, improve the party newspaper, and step up preparations for future campaigning.

The Republicans fight on a campaign of "Germany first."

They strongly refute any idea

of being Nazis, but favour reducing immigration and payments to the European Com-munity, and standing up for unity between East and West

Germany. Achieving German reunification would be his highest priority in the Strasbourg parita-ment, Mr Schönhuber said.

The party has now just under 18,000 members, Chical

the CDU and CSU to isolate his party's members only added to the Republicans' appeal, he claimed. He said that the party had won 40 new members after a bruising interview with him on the Second German TV channel (ZDF) this week. The interviewer, Mr Schön-

huber said, refused to say "thank you" to him afterwards. "He would have said thank you to a terrorist," he added, nurs-ing his injured pride. Mr Schönhuber declared that the

Schönhuber declared that the CDU and CSU were following policies reminiscent of Joseph Goebbels and Josef Stalin by casting aspertions on his private life.

Mr Schönhuber said his tactics had "succeeded" in persuading Chancellor Helmut Kohl to maintain in office Mr Heinsr Geissler, the CDU gen-Heiner Geissler, the CDU gen-eral secretary, whom the Republicans claim as their greatest vote winner.

### INQUIRY CONDEMNS MASSACRE AS UNCONSTITUTIONAL Defiant Georgia dismisses leader

By Quentin Peel in Moscow

THE GEORGIAN Communist Party, taking an increasingly independent line from Moscow since the tragic massacre of 20 nationalist demonstrators by Soviet troops in April, has sacked its Russian deputy leader, in a new gesture of defi-The distrissal was revealed

this week when a Georgian inquiry into the massacre declared the use of regular troops against the demonstrators was unconstitutional.

Mr Boris Nikolsky, the Com-

munist Party second secretary, holding a job always filled by a Moscow appointee, was removed from his post at a central committee meeting last Saturday. He was strongly criticised by many Georgian leaders as the

key link man in the decision to authorise the use of troops against the demonstrators in Tbilisi, the Georgian capital,

on April 9. The use of teargas, including elements of poison gas, and sharpened shovels by the soldiers led to the deaths of 20

demonstrators.

First notice of the Georgian Communist Party's defiance was given by Mr Givi Gumbaridze, who took over as party leader after the massacre, and apprily demonstrated. angrily denounced the Soviet military commander, General Igor Rodionov, in the Congress of People's Deputies.
Mr Gumbaridze, who was

briefly head of the KGB in the republic, has clearly recognised that he cannot resist the wave of nationalism aroused by that event. The sacrifice of Mr Nikolsky is yet another indication of this...

The Georgian commission of inquiry declared "the nse of army troops to disperse the meeting was a violation of the constitution of the USSR."

It is still unclear who gave the order for troops to be used. Such a move supposed to be sanctioned by a joint decision of the presidiums of the USSR and Georgian Supreme

Mr Mikhail Gorbachey, the Soviet leader, and president of the USSR presidium, insists Moscow was not aware of the decision until after the massa-

### Mafia hunter beats bomb plot By John Wyles

PALERMO'S most celebrated villa about three weeks ago on Mafiosi hunter, Mr Giovanni the coast at Addaura to the Falcone, appears to have been north of Palermo. If he had

regarded as a prime target for the Mafia not only for his suclinks between Sicilian organ-ised crime and politicians. reportedly rented a sesside murder Mr Falcone.

the target of an assassination taken an early morning swim plot involving sub-aqua divers and a remote-controlled bomb and a remote-controlled bomb made of 68 sticks of gelignite.

Mr Falcone has long been up. But a guard saw a bag on regarded as a prime target for the rocks and gave the alarm. Police discovered a remote-

cesses in jailing some of its control device for triggering an leaders, but also for the sensitivity of his investigations into land. They also found a diving suit - enough to justify the suspicion that his enemies The 50-year-old magistrate wanted as much to warn as to

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PTI

# Djilas calls up phoenix from Communism's embers

Long-term critic points to opportunity in collapse of the system, write John Lloyd and Judy Dempsey

HIS IS the end, in Poland and Hungary, not just of Stalinism but of Marxism-Leninism," says Milovan Djilas. "In the Soviet tem for industrialising back-Union Leninism still continues for the moment but they cannot stop at a criticism of Stalin . . . Marxist Socialism was the first idea to spread all over the globe . . Religious did not manage to do it, and now this idea is coming to an end."

Mr Dillas is the Communist world's longest-surviving dissident, and among its most dis-tinguished. He was the first to criticise from within the cruelties, stagnations and inevitable impasses of state Socialism. He was, and remains, an

intellectual, hut was also a Yugoslav partisan, Vice-President to Tito after the war, and a "negotiator" with Stalin during 1947-48 when Yngoslavia broke with with Moscow. In 1950, he denounced the "nationalist obscurantism" of the Soviet Union, its imperialism, its "grey and standardised

thought", its pervasive informers, its networks of espionage. in a Yugoslavia justifying its fine: hut he then turned the sword on his own country. In ward countries which inevita-bly produced tyranny. He proved his point by

receiving a seven-year jail sen-tence, which did not stop him from deepening his critique, in "The Unperfect Society" (1969), in which he wrote: "Until the Communists' monopoly of political power is broken, reform - however well intended - will have no real

This prophet 20 years ahead of his time still lives in a comfortable flat in the centre of Belgrade and remains alive to the inner movements of Communist societies. Ha believes that the final collapse of the Communist order is only a matter of time: but that, within this collapse, a new kind of pol-itics could — must — be born. "Marx was not a scientist: ha

used science for utopian atms. This gave Communism its strength - because Marxism-Leninism is Utopia, but with a difference: it was Utopia allied to practice and now the possi-bilities of practical utopianism



Dillas: still a revolutionary

are seen to be exhausted." Are there no possibilities for the refreshment of Marxism? "No. Not in the East, and Western Marxism is in the universi-ties and a few dogmatic gronps . . . Times have changed. You cannot struggle against capitalism to achieve

something more efficient, because it is the most efficient. This is not capitalism from the time of Marx and Lenin, It is not imperialism. There is now only Soviet imperialism. There is, of course, capitalist financial exploitation - but this is trade, it is not political domi-

Does not China argue against this optimism? "This is only a period; they are fighting to survive, the monopolist group at the top, trying to keep power . . Of course, it infinences the consciousness of peo-ple in other Communist states. "It assists in a de-ideologis-ing process, in the disillusion with the Communists. People think, tomorrow this may hap-pen here, and we will lose the

freedom we have."
On Yugoslavia, he is "no longer a partisan for anyone" but sees ahility in Mr Slobodan Milosevic, the Serbian president whose championing of Serbian nationalism has frightened ethnic Albanians and Hungarians in the autonomous regions of Kosovo and Vojvodina (over which Serbia has erted control) and many

"The Western press criticises the Serbian Communist party. but it forgets the objective situation of the Serbs. They were humiliated in these last years. The regions are not respond-ing. The requests to serve the issue were blocked by other republics who fear a strong

Mr Djilas, once a Stalinist, later became a free marketeer and a democrat when this was thought, quite literally, to be mad. He approves the mea-aures which Mr Ante Mar-kovic, Yugoslavia's Prime Minister, is trying to push through, but fears the hlocking power of the republics, and of party conservatives.
"Besides, the root of the

Serbia. But that is a mythic

problem is Socialist ownership. This is a fiction. It does not exist. No-one knows who is the owner of anything . . . There is no room for private owner-

ship.
"In every Socialist country
this will be very difficult to
change. Because without political pluralism you cannot change the economic power. So all the reforms would be without result, they cannot work. They do not go to the roots, to the essence. The whole system must be overthrown." To the suggestion that he remains a revolutionary, he

responds: "I am a revolutionary. I am not for violence now, but my intellectual approach is revolutionary. · "Some day the party must hring in institutions like they are doing in Poland and Hungary to cement liberalisation: if it does not, Yugoslavia will disappear. We do not have long,

perhaps two years . . . the crisis is slowly coming to a head. This is democratisation through the whole of Yugo-slavia, it is a positive process, but it is difficult for people." Mr Djilas, slowly being reinstated in his own country and in the Socialist hloc — a Soviet publisher has applied to publish his "Conversations with

Stalin" - sees an opportunity in the collapse of the system he has long predicted. "We are now on the verge of some of the greatest events in human history. In the third of the world which Communism has ruled, it is now practically dead. And that third of the world must find a new way – how, nobody can say. We need

interests of the people."

The Stockholm declaration

mixed economy. Mr Brandt said the new dec-laration of principles differed in other significant ways from

Today the Socialist Interna-

# Socialists revise objections to market economy

By Robert Taylor in Stockholm

THE SOCIALIST International, which groups more than 80 left-wing and social-democratic parties from around the world, yesterday embraced the mar-ket economy and rejected the idea of nationalisation of industry as a "remedy for social ills," in a major revision of its basic principles. Mr Willy Brandt, the organi-

sation's president, said "broad experience" had convinced experience and convinced Socialist parties around the world that they were mistaken in having "strong confidence in the role of the state in the economic process."
The new Socialist manifesto

asserts. "Markets can and must function as a dynamic way of promoting innovation and sig-nalling the desires of consum-

ers through the economy."
It continues, "Marketa should not be dominated by big business power and manipulated by misinformation" and suggests that the state "must regulate the market in the

adds: "Neither private nor state ownership by themselves guarantee either economic efficiency or social justice. The democratic socialist movement continues to advocate botb socialisation and public prop-erty within the framework of a

that drawn up by the Socialist International in 1951 in Frankfurt when it reconvened after the Second World War. "That document was very much influenced by the Cold War,"

he said.

tional has almost as many party affiliates from Latin America as it does from western Europe, although its theory and practice still seem to be heavily influenced by Ger-man and Scandinavian Social

Democrats. The Stockholm conference, convened to mark the International's 100th anniversary, grouped such leaders as Britain's Neil Kinnock, French premier Michel Rocard, Italy's Bettino Craxi and West Germany's Hans-Jochen Vogel.
Observers from the Palestin-

ian Liberation Organisation and Oliver Tambo of the Afri-can National Congress were also present, along with a wide range of Third World politicians. It was a subdued affair compared with the idealistic conferences of the Interna-

tional's early days.

Mr Rocard said, "Democratic
Socialism has broken with the Messianic dimension of early Socialism. Too often in the past, utopian visions of a perfect society have proved destructive. No longer do we have a ready-made blueprint for social change to offer the rest of the world."

He pointed out that the achievements of political pluralism and social protection had been achieved slowly and only after Socialists had disassociated themselves both from violence and regarding the

state as protector.

Mr Rocard added that Socialists had "no wish to roh our society of the dynamism that springs from competition between free firms, All we are conceroed with is to avoid con-fusing justice with free market

## Setback for Greek Socialists' hopes

By Andriana lerodiaconou in Athens

THE GREEK Socialists' hopes of remaining in power follow-ing last Sunday's inconclusive general election through a coalition government with the opposition Commonists received a serious setback yes-

terday.
The Communist Alliance, which ran third last Sunday with 28 seats in the 300-member house, called for the setting np as soon as possible of a national unity government responsible for prosecuting members of the defeated Socialist administration implicated in financial scandals, and holding new elections.

We believe this solution reflects popular feeling and serves the national interest." an Alliance announcement Alliance officials accused

the Socialists, whn remain in office in a caretaker capacity, of continuing to promote a party state.

The national unity government solution to the deadlock

prescribed by the Greek con-stitution, in the event that no party proves able to form a viable government.
The Alliance is currently

both the conservative New Democracy (ND) party, which finished first last Sunday with 145 seats, and the Socialists (Pasok), who came second with

was an unistant of to-operating with Pasok as long as it continued to be led by Mr Andreas Papandreon — currently the acting Prime Minister — and continued to host

However, the Alliance was expected to try to negotiate a compromise with Pasok when

figure, while retaining the

The Communists had made clear immediately that there was no question of co-operat-

within its ranks figures implicated in financial scandals.
At the same time they ruled out supporting the Conserva-

its turn came to try to form a viable government after the Conservatives and the Socialists had both had their turn. There was speculation that efforts would be made to persuade Mr Papandreou to yield the premiership to a consensus

Following yesterday's move, it appears that the Communists' main priority now is the removal from the hands of the Socialists of the last traces of

# Hungarian ruling party looks for allies

By Leslie Colltt in Berlin

**HUNGARY'S Communist Party** 

will go into opposition if defeated in next year's planned elections, Mr Imre Pozsgay, the ruling politburo's leading reformer, has said. Recent polls showed the Communists would receive

only 36 per cent of the ballots if elections were held now. The party, however, hopes to form a coalition with one or more opposition parties in order to continue in power. Mr Pozsgay also said that, as

Swiss assets rise

to record level

By John Wicks in Zurich

SWITZERLAND'S net foreign

assets rose last year from

SFr271bn to a record level of SFr300.4bn (£113.9bn), accord-ing to estimates published by Union Bank of Switzerland. This reflected rises of some

11 per cent in both assets and liabilities to respective peaks

of SFr646.8bn and SFr345.9bo. Among the assets, the big-gest single Swiss boldings a result of a compromise at the current talks with non-Com-munist opposition groups, the party agreed not to submit three draft laws to a session of Parliament next week.

The nine opposition groups had objected that the laws should not be acted upon by a parliament which was not freely elected. Instead, the main features of the legislation are to be worked out at the

The three draft laws deal

with the establishment of political parties, a constitutional court and a new presidency.

A spokesman for the opposition, Mr Imre Ronya, hailed
the party's decision as its first "spontaneous democratic step." He said the opposition in return would agree the party'a proposal to discuss future economic strategy at the talks. Unlike the recent balloting in Poland, the Hungarian election which may be held next March will not guarantee any seats to

the Communist party in the single-chamber legislature Opposition groups resisted attempts by the party to enter into coalition talks prior to the election. It is widely assume that only a thoroughly reformed Communist party with a new leadership will stand a chance of forming a political alliance.

Mr Pozsgay is one of the few politburo members with whom the non-Communist parties would co-operate.

# ties, np ovar the year from SFr217.2bn to SFr250.3bn. Bank assets were up from SFr176.5bn to SFr186.1bn, while fiduciary holdings jumped from SFr46.3bn to SFr57.4bn. Industrialised states boost aid to developing world by 6.7%

By lan Davidson in Paris

INDUSTRIALISED countries increased their official aid transfers to developing countries to \$47.6bn (£30.7bn) last year, compared with \$41.5hn in 1987, according to the latest annual report by the Development Aid Committee (DAC).
This represented a 6.7 per

cent increase in real terms, after allowance for exchange rates and prices, and raised the average share of official devel-opment aid of DAC member states to 0.35 per cent of GNP.
The rate of increase in offi-

cial development aid transferred by governments was sig-nificantly offset by the opposite movement in transfers of private development resources, which fell to \$32.9bn last year, from \$35.6bn in 1967.
If private sector resource

flows are added in, total resource flows to developing countries from all sources, public and privata, from all countries and from multilateral institutions, reached \$103bn in 1988, compared with \$97bn in 1987. This effectively marked no change in real

The increase in official development aid spending last year cannot be taken as a shift in long-term trends, the Develop-ment Aid Committee warns.

The 1988 figure was swollen by a concentration of spending which had been available for the years 1987 and 1988; conversely, the large note deposits made in 1988, in connection with the eighth replenishment of IDA, will probably have the knock-on effect of dragging

down the figures for 1990.

Belgium was the only member of DAC which spent less on development aid last year than the year before. Its official aid payments fell by 15.8 per cent in 1988, to \$592m, or 0.39 per cent of GNP, compared with 0.48 per cent the previous year.
All other members spent more on official develop aid last year, however, the big-gest increases were registered by Japan, the US, the UK, Aus-tralia, Canada, Italy and Fin-land. Japanese official develop-ment aid rose by 8.1 per cent in

real terms last year, to \$9.13bm, or 0.32 per cent of GNP. American development aid rose by 5.7 per cent in real terms to \$9.78bn, though the GNP share remained stable at

### Decline forecast in nuclear electricity

By Meurice Samueison

NUCLEAR electricity output by Western industrialised countries will reach a peak next year before declining steadily to the end of the century, according to the Nuclear

Energy Agency.

The Agency, an arm of the Organisation of Economic Cooperation and Development, found that the quantity of nuclear electricity generated in OECD countries last year rose by 8.9 per cent io provide 23.5 per cent of total electricity

Using figures from OECD states, it predicts that the contribution by nuclear power stations will be highest in 1990 at 23.8 per cent of electricity supply and then will fall to 22.7 per cent by the year 2000. Last year, 10 nuclear reac-

tors came on stream in OECD countries, hringing the total to 320, with a capacity of 247 Gig-aWatts (247,000MW). There are also 50 reactors under construction, four more firmly committed and 17 in the plan-

ning stage.
Nuclear Energy Data, 44 pp;
IECD Paris; Fr35.



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because once reaching this conclusion, they knew pre-

cisely what to do: crack down.

It is evidently only the par-ty's gerontocrats who have the

experience to recognise a counter-revolutionary rebellion when they see one. And the

only ones tough enough, in Deng's words, not to give the party's enemies "ons iots of

Others (including almost

every diplomat and journalist in China). Deng says, were naive enough to believe that a gesture or two to the masses would have been enough to

So the answer was an unfor-

giving military crackdown to restore order and an ideologi-cal campaign to control minds,

both well-worn revolutionary techniques. Unfortunately, na-ther seems suited to a nation

whose people are increasingly sophisticated, and who have

plainly learned in the past decade to think for themselves. And they are not appropriate

to e country that has wide con-

tacts with liberal nations.

Resistance in China now

shows in little episodes: sarcas-tic jokes about Deng's speech, bursts of anger at seeing sol-

diers on the street, rage in private about the numbing propa-ganda campaign. China's

people have no choice but to

toe the line in public, but they

Deng says China will contime to expand contacts with the outside. He does not seem to realise how difficult this will be if the harsh methods he

uses to control his own people allenate foreigners with whom he wants to do business. Con-

are not cowed.

forgiveness."

calm the situation.

# ANC 'preparing for talks with Pretoria' on apartheid

THE AFRICAN National Congress (ANC) yesterday gave the clearest signal yet that it is preparing for negotia-tions with the South African government over the ending of

apartheid. Mr Aziz Pahad, a member of the organisation's National Executive Committee (NEC), made it clear at e briefing in London yesterday that the ANC's terms for negotiations had not changed and that there was no early prospect of talks between the two sides.

It was important, however, for South Africans to determine the parameters of such talks – aims, preconditions, doration and partici-pants – rather than have the framework dictated by outsid-

Governments and organisa-tions around the world were attempting to set up such a meeting and establish the terms on which it would take place, be said, citing behind the scenes efforts by the US and European Community. There has also been speculation that the recent indepen-dence settlement in Namibia, jointly orchestrated by the US and Soviet Union, could encourage joint superpower

for takeover

ernment to ensure that deci-

sions by the Monopolies and

Mergers Commission on Australian corporate takeovers were made on purely economic

He also called for a clarifica-

tion of the process and the fac-

tors which influence a decision

on wbetber a takeover hid

should be allowed to proceed.

Mr Hawke's comments, dur-ing a trade and investment conference in London, follows

disquiet among several hig Australian companies about

decisions by the commission. Eiders IXL and Goodman Fielder Wattle, leading Austra-

lian companies, encountered severe problems with the MMC

during the past 12 months

while making offers for Scot-

tish and Newcastle and Ranks Hovis McDougall. He modified his prepared

speech, however, omitting these two paragraphs: "I am aware, bowever, that recent decisions to refer proposed

acquisitions to your Monopo-lies and Mergers Commission

have created some unease in Australian business circles,

concern which my Government

has also felt on occasion.
"Sbort term social and cul

Lord Young, the Trade and

Industry Secretary, pre-empted Mr Hawke's comments by saying that the Government "was

not in the business of saving

companies from unwelcome

foreign bids." Only three of the 13 proposed Australian take-

overs for British companies

during the past three years had been referred to the MMC and

only one had been rejected.
The Elders IXL bid for Scot-

tisb and Newcastle was rejected because the MMC con-

cluded the "big six brewers could not become the big five".

of all countries."

Mr F.W. de Klerk. Sonth Africa's likely next president, sald yesterday fundamental reforms were needed for a peaceful solution to his country's racial conflict, Reuter reports from Bonn. Mr de Klerk, midway through a four-nation European tour, spoke to reporters after talks with Mr Helmut Kohl, West German Chancellor, that he described as "cordial and very

efforts to bring about change inside South Africa as well. "It is time for the people of Sooth Africa to elaborate a joint position on the issue of negotiations," said Mr Pahad.

"We are wary of constitu-tional models being hatched all over the world on our behalf."
Mr Pahad disclosed that the ANC had drawn up what ha called a "consultative document." A recent meeting of the NEC - which was preceded by a meeting with representatives from the United Democratic Front (UDF) and the Congress of South African Trade Uulons (COSATU) – agreed it would be circulated to anti-apartheid organisations both inside and

ontside South Africa. The document, which he did not release, raises issues such as the cessation of violence by both sides, the role of the international community in fostering negotiations and the possi-bility of satting up a transitional government. It is one of a series of position papers prepared by the ANC over the past 18 months, including an outline of constitutional principles which are being debated within trade

union and other organisations in the country.

The latest document forms part of the process of preparing ANC members for the eventu-ality of talks with Pretoria, although Mr Pahad stressed he was sceptical that the govern-ment was ready either to meet the ANC's conditions for such talks or to undertake signifi-

In his view, the expected accession of Mr F W de Klerk to the position of State President would not mark a waterchange in the country.

Mr Pahad said Pretoria had gone onto the offensive diplomatically to persuade the out-side world of its commitment to dismantling apartheid.



President Gorbachev shakes hands with Mr Rafsanjani, the Iranian Speaker, when the latter left Moscow yesterday

# Hawke calls Israel's hardline generals come to fore

assurances By Ray Bashford MR BOB Hawke, the Australian Prime Minister, yes-terday urged the British Gov-

His resignation sums up the general attitude of the Israeli army as it prepares for a reshuffle of its top commanders in charge of policing the uprising in the occupied West

leava his post at his own request to study abroad. He is to he replaced hy Major-General Yitzhak Mordechai, who moves from the top uprising remains the IDF's West Bank, for not being tough political aspirations of the Pal-post in Southern Command, third priority after the strate-enough. They complained, for estimans, he said.

by between 1.2 per cent and 4.4 per cent against a dollar-dominated basket of currencies from tomorrow to spur a stagnant economy, a spokes-woman for the Bank of Israel said yesterday, Reuter reports

covering Caza. The new commander for Gaza is to be Major-General Matan Vilnai, best known as second in com-mand of the andacious Entebbe

mand of the andactous Entebbe hijack rescue in 1976.

The army has been anything hat squeamish in countering the intifada, in which more than 500 Palestinians have died, many of them shot by troops, against the loss of six soldiers. At times the army has bridled against political limits on how tough it could be.

But the standard line at But the standard line at Israeli Defence Force headquarters in Tel Aviv is that the

bank fixed its representative rate against the basket of foreign currencies. The sbekel was last devalued in late

gic threat from the Arab world - principally Syria - and the threat of cross-border attacks by Palestinian fighters.

As another serviceman in Nablus put it: "I don't like this habits put it: I don't use this job. It's not like being a soldier, it's like being a cop. This is not the way to solve the problem."

But while the army waits for the politicians to come np with a settlement, it has to get on with the job of suppressing the unrest. Ceneral Mitzna, regarded as a liheral, came under severe criticism from rightwingers, and especially hardline Jewish settlers in the

example, that some Palestinian villages were left virtually unpoliced for long periods of time and that attacks on set-

Hers went unpunished.

More recently, Israeli leftists
complained that General
Mitzna was not tough enough
against settlers when they

against settlers when they launched violent revenge attacks on Palestinians.

Now that Israeli peace proposals are on the table, the coalition government of prime minister yitzhak Shamir has made elega its intention to step made clear its intention to step up measures against the upris-ing as the stick to accompany the diplomatic carrot.

The defence establishment clearly thinks that harsher measures can help keep down the level of violence. But as General Dan Shomron, the chief of staff, said last week, the army realises that that will not tackle the root of the prob-lem. Only the squivalent of genocide could destroy the

### A YOUNG radio operator in an from Jerusalem, She said the Israel will devalue the shekel precise exchange rate would only be determined when the

By Hugh Carnegy in Jerusalem

Israeli foot patrol was phieg-matic as he emerged from the old market in Nablus, where a soldier was killed earlier this year by a breezehlock dropped

on his nead.
"It's our duty," he shrugged, sweating under his riot helmet.
"We do it. If it's Lebanon we go to Lebanon. If it's Nablus, we go to Nablus."

Bank and Gaza Strip. Within two months Major General Amram Mitzna, a bearded kibbntznik in charge since before the intifada began of Central Command, which covers the West Bank, will

EGYPTIAN and IMF officials have reported progress in talks on a new economic reform pro-

tural apprehensions in ali countries which encourage foreign investment are expressed from time to time. However, unnecessary uncertainties or delays must not be allowed to hamper legitimate business decisions which ultimately underpin the living standards Dr Shakhour Shaalan, the IMF's director for the Middle East, is due in Cairo this week-

Egypt has been slowly meeting some of the IMF's demands. It increased electricity prices in March and subse-

deficit and that exchange rate reform be speeded up. Egypt continues to operate a multi-

arrangement. Egypt is under greater pressure now to agree to a new reform programme with the Fund that would allow a sec-

about their relations with China, and refrain from making "hasty conclusions" about recent upheavals. Repeating Prime Minister Li pect of resuming next month heavy payments on its \$4.5bn US military debt. Peng's, assertion that China would "not yield" to pressure from foreign governments to tone down its response to recent unrest, Li Jinghua said it was "unwise and foolish" for contsiders to try to influence China's internal affairs. In a comment apparently

In a comment apparently aimed at sanctions announced yesterday by the US, she said economic pressure would not alter Peking's policies.

In a meeting last night with a Pakistani delegation, Li Peng said that in difficult times "it is very clear who are true friends (of China)" but at the Foreign Ministry briefing she declined to spell out to which nations the Prime Minister was referring.

tor-general of the international finance bureau.

Mr Kyosuke Shinozawa, deputy director-general of the budget hureau, will be deputy minister for policy co-ordination.

Mr Hiroyuki Ito, aged 51, deputy commissioner of the national tax administration, is to become a new member of the policy board of the Bank of Japan.

# China's old men blind to world anger at executions

Peking's leaders are bewildered, says Steven Butler

I PENG, the Chinese Prime Minister, is surely bewildered as to why foreign countries are suddenly making a big fuss over the exe-cution of a few criminals.

After all, he must be saying to himself. China has been shooting its miscreants, political and otherwise, in the back of the head for years. A few groups such as Amnesty Inter-national might complain, but

hardly anyone ever cared or listened before.

In any case, China was always able to boot out of the country the few brave journalists who wrote about its human rights abuses. And Western countries anxious to promote diplomatic and com-mercial relations with China invariably turned a blind eye. And, Li Peng might console himself, whatever it did China

never acquired in the West the negative public image earned by the Soviet Union.

But with millions of television viewers around the globe cheering China's pro-democracy protests, ruthlessly crushed three weeks ago, this era of benign neglect has evidently come to an end.

dently come to an end.
Yet China's leaders seem ill
equipped to cope. Flexibility
has never been part of their
style, and faced with a domestic and international political
crisis they have closed ranks
and followed their instincts,
These were honed during a
bloody civil war that lasted for
nearly 30 years until the Communists won in 1949, it was an
era when enemies around era when enemies around every corner were not products

Li Peng told the visiting for-eign minister of Pakistan on day that China would not bend under foreign pressure, as though a basic principle of

By Peter Ettingsen in Peking

DESPITE STRAINS in Sino-US

ties after the Chinese army's massacre of civilians earlier

this month and reprisals

against democracy campaigners, Peking is not about to

severe relations with Washing-

ton, a Foreign Ministry spokes-

- I.i. Jinghua told foreign jour-nalists China hoped to "main-tain and develop Sino-US rela-tions", provided that mutual respect and understanding

could exist on both sides.

Speaking shortly after the official news agency, Xinhua, confirmed that 27 in total had

been were executed for crimes

linked to democracy protests, Li said China hoped foreigners would think calmly and clearly

relations with US'

Chinese sovereignty were at stake. Of course Li could be expected to say this. Yet what the government did, instead of talking tough while showing moderation, was to execute two dozen more of its citizens after receiving a batch of com-plaints when it executed the first three. It is obvious that a bit of mercy would have done the government a world of good, both at home and abroad.

be spirit that lies behind this inflexible approach was well expressed by Deng Xiaoping. China's paramount leader, in a speech to army commanders two weeks ago. The whole Chi-nese nation has been exhorted

to study this speech. Yet it is astonishing and sadly typical that while all Chi-nese are supposed to read and learn from it, it has never been

Instead, in a practice that dates back to the guerrilla war days, when secrecy and organi-sational integrity was a matter of survival, the speech has been handed down the party and government hierarchy, so that it could be read in groups, where only the right conclu-sions would be drawn.

The party hardly wants to

The party hardly wants to take a chance that people will read the speech and draw their own conclusions. A copy of the

speech was, however, obtained and published hy the South China Morning Post. What is apparent from the speech, as well an extraordi-nary article in Beijing Review detailing events leading to martial law on May 20, is that government leaders felt them-selves losing power and in dan-

ger of being toppled. In the end, this must have

hinted that the student-led

drive for political reform and

press freedom was fermented by foreigners. Without giving

evidence, Li Jinghau said: "It is true that there are external forces who keep close contact with illegal organisations

instigate and give support for

counter-revolutionary rebel-

She said it was "quite under-standable" that some foreign

transacie" that some investors and businessmen had left China when the "rebellion" occured but now the situation was "normal" it was expected that many would return.

She repeated the official line that China would maintain pol-icles of economic reform and

said authorities hoped foreign-ers would "continue to develop

ers would "continue to develop co-operation with China." She said China hoped foreign gov-ernments would "look further in the future" and proceed with the aim of not harming bilateral ties.

"China won't change its poli-cies," she said. In a heated exchange, the Foreign Ministry

spokesperson was asked why soldiers had fired on foreign

compounds during the army's invasion nearly three weeks ago. Shs said troops were

replying to fire from a sniper, and avoided a request that

### tects with the outside have produced a political constitu-ency for the Chinese people that spens the globe. Peking to 'maintain Thatcher shies away from **EC** sanctions

By Philip Stephens, Political Editor

MRS Margaret Thatcher, the UK Prime Minister, yesterday firmly rejected the idea that Britain should respond to the execution of individuals convicted of pro-democracy pro-tests by leading a call for Euro-Amid growing concern at Westminster about the crack-down by Peking, Mrs Thatcher said a move by the European Community to impose sanctions at next week's Madrld summit could cause "panic" in

Hong Kong.
While condemning the executions, sbs said Britain's responsibility until 1997 for the 5m citizens in the colony meant it had to avoid any pre-

cipitate action. Her comments came in response to a call from Mr Neil Kinnock, the opposition Labour leader, for the 12 Com-munity leaders to agree in Madrid on a package of eco-nomic sanctions. Mr Kinnock said sanctions should operate until the Chinese stopped the

The Government is already under pressure to respond to China's repression of the student demonstrations by giving much stronger guarantees to the 3.2m British passport hold-

ers in the colony.

Britain has so far responded with a combination of minor measures against Peking - an end to the small-scale arms trade and the suspension of ministerial visits - with an announcement it is looking at ways to introduce increased "flexibility" in its HK immigration policy.

# Cairo edges closer to deal with IMF

gramme, after negotiations had been stalled for many months. Egyptian officials are predicting an agreement by Octo-ber that would facilitate a Paris Club rescheduling of about \$4bn of Egypt's approxi-mately \$50bn foreign debt. Fund representatives are a good deal more cautious.

end to join his deputy, Mr Paul Chabrier in talks with

quently raised interest rates. The Fund is asking that more be done to reduce the budget

tiered system of rates that bear little relation to the Egyptian pound's market value. Egypt and the IMF have had

a long and difficult relationehip. The latest agreement reached in May, 1987 collapsed by the end of that year. Desul-tory efforts have gone on ever since to negotiate a revised

ond round of Paris Club rescheduling. It is desperately short of hard currency, many of its sources of credit have dried up and it faces the pros-

# Top men switch at Japan's finance ministry

By Our Tokyo Staff

been named as Japan's vice minister of finance, succeeding the retiring vice minister, Mr Akira Nishigaki. Mr Hirasawa's appointment bas triggered sweeping changes in the ministry's top ecbelons, to become effective

MR SADAAKI Hirasawa has

over the next few weeks.

As expected, Mr Makoto
Utsumi, who has been director
general of the international

finance bureau, becomes vice minister for international affairs, succeeding Mr Toyoo Gyohten, who is to retire. It is widely expected that Mr Cyohten, who is well known in international financial circles, will soon secure a top job in one of the big international financial institutions.

Mr Yoshimitan Takishima,

deputy director-general of the tax bureau, will become the

new director-general of the customs and tariff bureau. Mr Toshio Osu, aged 53, a former member of the Bank of Japan policy board, becomes director-general of the finan-

cial bureau.
Mr Masaaki Tsuchida, deputy minister for policy co-ordination, becomes director-general of the banking bureau, and Mr Tadao Chino, former deputy director-general of the

banking burean will be direc-tor-general of the international

# and avoided a request that China apologise for the attack on diplomatic compounds. When it was pointed out that seven or eight buildings in the diplomatic area were targetted by troops, and they all could not have been hiding snipers, she said: "Actually I'm not clear on the details of these cases." referring. The Prime Minister also

mentarians and they will close their much extended session of the Diet tomorrow (Thursday) without having achieved anything.

The plan now is to introduce reforms at a special session of the Diet after the upper house elections, but they too could be forgotten or reduced to mere taken proportions is reduced to mere token proportions if

seneral election.

Some party officials believe that a lot of the public's anger will abate after it has found an outlet in the upper house election. They also think voters would be inclined to think more carefully ahout their options when confronted with an election for the more powerful lower

lower house election in the autumn to oust the LDP, though some think

### Unita caution on war summit By Michael Holman.

Africa Editor

OFFICIALS OF Angola's rebel Unite movement cautloned against prospects for a successful outcome to the summit aimed at ending the country's 14-year civil war, due to open

14-year civil war, due to open yesterday in the northern Zaire town of Ghadolite.

Summit host, President Mobutu Sese Seko of Zaire, hopes to close the wide gap hetwesn President Jose Eduardo dos Santos, the Angolan leader, and Unita's Jonas Savimbi, over the terms for reconciliation.

President dos Santos — who yesterday followed np Wednesday's release of 700 Unita prisoners with the lifting of death sentences of 50 Unita rebels convicted of treason — expects to absorb Unita within his rulting MDIA period

to absorb Unita within his ruling MPLA party.

Unita have offered to take part in a coalition government which after two years would hold multi-party elections. Mr Savimhi would not play a direct role in the coalition, but would remain the Unita leader.

Last night Unita officials, who could not confirm remains who could not confirm reports that Mr Savimbi would attend the summit and meet President dos Santos.

# Call girl affair throws Japanese ruling party into confusion Ian Rodger explains why a minor sex scandal may force the Liberal Democratic Party to call an early general election

HO WOULD have thought that Jepanese pobtical life could be thrown into confusioo by a minor sex scandal? Hitberto, the Japanese have been notorious for their indulgent attitude toward adulterous relationships among those in public life. Political scandals in Japan - and there have been many, including the recent Recruit affair - have always stemmed from financial corruption, never from personal immorality.

Yet the recent disclosures of Prime Minister Sousuke Uno's brief affair with a call girl four years ago seem to have changed all that. The Japanese public, already disgusted with politics because of the Recruit tile to the ruling Liberal Democratic Party (LDP) because of Mr Uno's dal-

This week the talk in Tokyo political circles is about wbether the Diet (parliament) will have to he dissolved in the autumn for general elections. Mr Uoo himself admitted earlier this week that the idea was under consideration.

If that happened, the LDP could well lose its majority in the Diet for the first time in a decade. This could mean that the period of political turmoll in the country, which has already resulted in the resignation of



Uno: may dissolve parliament

a prime minister and has contributed to the weakening of the yen, could continue for some time. Whether it would also lead to the much talked about overhaul of Japan's corrupt political system is more difficult to predict. The LDP has ruled Japan without interruption for more than 30 years and has sbowed remarkable recovery powers in the past and could well do so

Many analysts still doubt that the

situation will deteriorate to the point at which the Diet would have to be dissolved. "Once this parliamentary session is over, the Uno affair will soon be forgotten," one Western dip-lomat in Tokyo predicted yesterday. An LDP official said the party could not call an early election because it had a responsibility to

prepare next year's budget.
One thing is clear; the Uno affair could hardly have happened at a worse time for the LDP. The party has heen badly battered by tha Recruit bribery scandal over the past year; four cabinet ministers, including the the former prime minister have had to resign because of links with the Recruit group and one former minister has been indicted.

By late April when Mr Takeshita announced he would go, the party's ratings in public opinion polls had sunk so low that there was a danger that it would lose its majority in elections for half the seats in the House of Councillors, the upper bouse of the Diet, that were due in July. (Japan's upper house does not have as much power as the lower house hot the loss of a majority there would complicate the management of government business.)
The LDP selected Mr Uno to suc-

ceed Mr Takeshita knowing that he had no connection with the Recruit

affair and hoping therefore that he would repair their sullied public image in time to prevent a serious setback in these slections. In the event, a woman's unflatter-ing revelations about her affair with

Mr Uno four years ago have made things worse for the party, especially among women voters. Analysts say that Japanese women, hitherto meek and compliant, are not so amused by men's prerogatives these days. More-over, many women, in their roles as homemakers, were already angry at the LDP for introducing a 3 per cent

value added tax in April.

"That woman could cost us four or five seats," one LDP backroom man said. He and others are resigned to the idea that they will lose their majority in the unray because Italy majority in the upper house on July 23. The question now is hy how much. The LDP has to win 54 of the 126 seats being contested if it is to maintain its majority.

If they lose only marginally fewer than 54 then the party could rally behind Mr Uno and carry on for several months with the process of trying to restore its image. If they lose a majority hy e wide margin, then the pressure would huild for Mr Uno to go. Some party insiders said this week that 50 was the crucial number, others said 45. Whatever the case, if Mr Uno has to go, the party

will be in real trouble.

Most of the real leaders of the
LDP, people such as Mr Takeshita
who have many loyal followers in the Diet and access to large sources of election funds, cannot return to of election fitnes, cannot return to public offics for about a year because of their association with the Recruit affair. Thus, if Mr Uno has to go, the party would have to reach down to the next generation of lead-ers, now in their early 50s. That would noset the scrupulonsly respected seniority system in tha party and so it will be fiercely party and so it will be increaly resisted by the real leaders. They would prefer to have a general election in the hope that the old Japanese tradition, by which a politician can be purified by being re-elected, still holds.

Another argument in favour of a general election among the LDP leadership is that it might dissipate the momentum for political and electoral reform. As a result of the Recruit affair, the LDP is under considerable pressure to put greater controls on fund raising and spend-ing by politicians and to abolish the

multi-seat constituency system.

Mr Takeshita promised last month that a first legislative step towards political reform would be taken this month but, ironically, the focus on the Uno affair has distracted parlia-

the party was then in the run-up to a general election.

Another factor is the opposition parties are so weak they are unlikely to muster enough candidates for a

to oust the LDP, though some think they could win enough seats to take away the LDP's majority.

Opinion polls, usually helpful in indicating the way ahead, are extraordinarily opaque in this case. According to the latest one published last week, the Uno cabinet was supported by only 22 per cent of potential voters but all the opposition parties combined attracted only 29 per cent.

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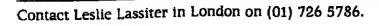
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### **AMERICAN NEWS**

# US plans no more sanctions against China

By Lionel Barber in Washington

THE US does not plan, at present, any further diplomatic or economic sanctions against China, Mr James Baker, Secretary of State, told Congress

yesterday. In testimony to the House Foreign Affairs Committee, Mr Baker said that in response to the Chinese Communist crack-down, President George Bush had taken "carefully targeted actions" which avoided inflamatory rhetoric and preserved his options for the future.

Reaction among Democrats and Republicans was generally supportive, though some congresemen expressed ootrage over the Chinese leaders' decision to execute pro-democracy demonstrators in Shanghai. Mr Benjamin Gilman, a New York Republican, said: "I hope that while were taking prudent steps at this point, we're going to learn from the lessons of Neville Chamberlain and never

get into an appeasement pro-cess." Mr Mel Levine, a Calif-ornia Democrat, served notice that he would propose stiffer sanctions against China in the upcoming foreign aid hodget. On Tuesday, Mr Bush said the US would seek to postpone new intarnational loans to China. High-level diplomatic contacts between Washingtoo and Peking have heen suspended, following the ear-lier cancellation of US arms

sales to China.

Mr Baker said US concern
for buman rights had to be balanced against the important geo-political and economic rela-tionship which had developed over the past 15 years. He appealed to Congress to support the administration. "I think the US should speak with one voice and act in a co-ordinated way in addressing this very, very difficult foreign policy problem."

# Banishing memories of Muppets on the Great Wall

Bush's policy towards China is caught between two conflicting tendencies, writes Peter Riddell President Bush both wants

RESIDENT George Bush's approach to the A Chinese crackdown involves balancing two long-standing, and conflicting, tendencies in US foreign policy. On the one hand, there is the desire to express moral outrage and stand up for democratic values – the Woodrow Wilson tradition. On the other, there is a careful calculation of America's strategic interests - the realpolitik school of Mr Henry Kissinger and his many disci-

The moral impulse is never far from the surface of US politics, as expressed in an almost naïve belief in the rightness or wroogness of countries. The associated swing of enthusiasm from one side to another has applied particularly to China with which the US had the same kind of ambiguous and fascinated relationship that Britain has enjoyed with the Arab countries.

and perceptions.

A popular view developed of the Chinese as not only allies of the US but also as friends, as Back in the 1950s and 1960s emerging capitalists. The ambiguities of the US position were highlighted less China was cast into outer darkness, hat the pendulum swung back after the Kissinger/Nixon than four months ago when Mr opening up in the early 1970s. After all, no other post-war Bush greeted Deng Xlaoping and Li Peng as old friends with

meeting has been celebrated by a full-scale opera as the 1972 visit was by John Adams' "Nixon in China." And even in the most anti-communist period of the early 1980s President Ronald Reagan continued his predecessors' policy of regarding China as a counterweight to the Soviet Union. The key has been television. As Mr Tom Shales has pointed ont in the Washington Post, the crackdown was so startling because of "the rosy view of China painted in the media during the seeming thaw of the 1980s". This was officially marked in 1979 when Boh Hope

an unusual warmth, although later the same day the White House was equirming with embarrassment when dissident Fang Lizhi was barred by the Chinese authorities from a US

Embassy reception.

The student protests — and particularly the erection of a copy of the Statue of Liberty in Tiananmen Square - perfectly



rights strain of US opinion. The view of the US of the last, best defender of freedom in the world asserted itself. This has resulted in consistent pressure on Mr Bush to demonstrate American anger at the borrors of the repression.

This view was summed up on Wednesday hy Senator

George Mitchell, the Democratic majority leader. In urging further steps, he said: There are times when what America atands for and believes in is more important than an economic benefit to be derived from a trade relation-

Tha same policy prescriptions have been offered not only hy liberale hut also hy conservatives. Many on the Republican right never shared the Kissinger/Nixon/Bush desire to balance China against the Soviet Union, taking the view that totalitarian communist regimes appears appear appears to the communist regimes appears appears to the communist regimes appears appears appears to the communist regimes appears appears appears to the communist regimes appears appears appears appears to the communist regimes appears appea nist regimes never voluntarily change their character and surrender power. It was therefore wrong to embrace China, and their leaders should now he

Another revealing result has been the series of advertisements placed by the National Rifle Association citing the Peking crackdown as another reason to oppose gun control

- "the individual armed citizen remains one of democracy's strongest symbols. The right to own a firearm is a

and is obliged by the strength of US opinion to express the US moral outrage about what has happened. Yet he and his advisers, especially Secretary of State James Baker, a chia off the Kissinger realpolitik block, Go not want to sacrifice the gains of the 1970s and 1980s. Two weeks ago Mr Bush seemed to be trying to excuse Deng Xiaoping, coly honra hefore the Chinese leader appeared oo television applauding the army's actions. It is a fine line between, on the ooe hand, registering disthe ooe hand, registering the approval and seeking (somewhat forloraly) to have an impact on the regime, and, on the other hand, preserving the underlying relationship because of the size and importance of China, both regionally

and globally.
Mr Bush has so far just about kept the initiative within the US, but he has less freedom of manoeuvre that in countries where popular and legis-lative opinion has less infinence on foreign policy. He can never forget the impact of television pictures.

### Nicaragua expropriates coffee farms

By Tim Coone in Managua

THE Nicaraguan government seized the farms of three prominent coffee growers yesterday, further shaking private sector confidence in the government's

economic policy.

The farms were owned hy three leaders of the private-sector umhrella organisation COSEP, which last weekend urged a national assembly of coffee growers to withdraw from the National Coffee Commission, a discussion forum withthe government. They also "state of total illiquidity" in

the coffee sector. In justifying the expropria-tions, the Agriculture Minister, Mr Jaime Wheelock, accused the three growers of inciting "anarchy in production and social chaos". During the week, farmworker leaders allied to the ruling Sandinista party threatened to take over the coffee farms whose owners failed to keep up maintenance work. Coffee is Nicaragua's main

export and hard currency The confrontation is the first sign of a collapse of govern-

ment efforts to reach a "social pact" with employers and labour to ease the country's economic problems. The gov-ernment is irritated with COSEP leaders who have adopted political demands in addition to their economic ones, and especially with the coffee growers.

President Daniel Ortega warned this week that husinessmen and farmera must bear "their share of sacrifice", arguing that the workers have already borne theirs by a sharp fall in real wages.

# Figures show US slowdown

By Peter Riddell, US Editor, in Washington

FURTHER confirmation of a slowdown in the growth of US industrial activity earlier this year came yesterday with the final version of Gross National Product figures, showing an underlying rise of just 1.9 per cent at an annual rate. The Commerce Department

marked in 1979 when bon hope "romped with cute Chinese tots and a stuffed panda", while in 1983 the Mnppets cavorted along the Great Wall. Trivial perhaps, hut it has affected American expectations and perceptions

figures show that real GNP increased by 4.4 per cent at a seasonally adjusted annual rate in the first quarter, fractionally higher than reported in the preliminary estimate. But the farm sector's recovery from last year's dronght depressed levels added 2.5 per-

centage points in the quarter. Excluding this pick-np in crop and livestock output, first quarter growth was 1.9 per cent, down from an adjusted 3.5 per cent in the final quarter of 1988. Recent indicators suggest the slowdown has continued in the current quarter. The inflation picture in the first quarter was also more

favourable than previously estimated, with a 4.6 per cent annual rise in the GNP fixed price index, down from an ear-lier projection of 5 per cent, though this was still up on the 1988 average of 4.2 per cent.

## Argentine army conflict grows demnation of the rebels, say-

By Gary Mead In Buenos Aires

ARGENTINA'S internal army conflict sharpened yesterday after strongly-worded state-ments by General Francisco Gassino, the army chief of staff, and General Dante Car-idi, who held the same post until December last year. They issued separate rebukes to Colonel Mohamed Ali Semeldin for his announce-

ment early this week that the truce between his rehellions faction and the army's senior

Col Seineldin is awaiting military punishment for having led a brief mutiny last December, which forced Gen

day rebellion ended with Col Seineldin's surrender and, according to him, a written agreement between himself and General Isidro Caceres, who was to act as "guarantor" that the mutineers' demands would be met.

Gen Gassino, who took over as chief of staff from Gen Car-idi last December, has now warned Col Seineidin's sup-porters that he will "respond firmly" to any further mutinous disturbanc Gen Caridi, whose forced

resignation from the army was seen as a major success for Col Seineldin, has broken his six-

ing Col Seineldin's group "has to disappear from the army". He made it clear that a deal of sorts was struck last December, upbraiding Col Seineldin for failing to keep his side of the bargain. According to Gen Caridi his resignation from the army was to be matched by that of Col Seineldin, which has not happened.

Col Seineldin's decision to

announce the end of the truce was widely regarded as an attempt to pressure incoming President Carles Menem into granting a swift amnesty for all personnel facing military

# Novel candidate withdraws from presidential race

By Robert Graham in London and Veronica Baruffati in Lima

MR Mario Vargas Llosa, the Peruvian novelist, yesterday withdrew his candidacy for next year's presidential race after mounting disagreements with the centre-right coalition that has been

His resignation, if it is not with-drawn, removes the most serious challenge to the broad leftist alliance, Izquierda Unida, and the ruling Apra Party of President Alan Garcia. Mr Vargas Llosa was doing well in the opinion polls and the centre right risks being thrown into disarray hy his action.

proclaimed presidential candidate for the liheral conservative Democratic Front (Fredemo) coalition in the city of Arequipa only three weeks ago. Mr Vargas Llosa's letter of resigna-tion was addressed to Mr Fernando

Belaunde Terry, leader of the Popular Action Party (AP), and to Mr Luis Bedoya Reyes, head of the Popular Christian Party (PPC). These two par-ties together with the Freedom (Liber-tad) movement, led by Mr Vargas Llosa, formed the backbone of the Fredemo

Party power struggles in the coalition over the forthcoming municipal elec-tions were the main cause for the writer's resignation. Both AP and PPC were insisting on putting up separate candidates for the municipal elections in November, rather than joint Fredemo candidates. Mr Vargas Llosa has consistently argued that in order for fredemo to appear as a true supraparty coalition, it must present joint candidates for the municipal elections.

Mr Miguel Cruchaga, secretary gen-

eral of the Liberty Movement, one of the groups in the coalition, said the decision appeared to be irrevocable. But he added: "We are going to mobilise public opinion so that Vargas Liosa is a

Another leader of the Liberty Movement, speaking aronymously, told the Associated Press that Mr Vargas Llosa's resignation appeared to be aimed at forcing the coalition to choose him as its undisputed leader.

Mr Vargas Llosa went on later to warn: "Given the very serious present situation of economic crisis, institutional chaos and increasing terrorism, the Fredemo alternative was the best if not the only — support for our fragile democracy. The collapse of the Front could open the door of our country to totalitarian Marxism or a bloody mill-

tary adventure." He left Peru on Thursday for West Germany, where he is to attend literary and political engagements. His resignation has given rise to lively debate in Peru about the immediate future of the liberal conservative coalition and of the political options available for the end of the year. The left remains disunited and

Apra's popularity has plummeted.

This is the second time in less than two months that a popular Latin American presidential candidate, drawn from outside the normal political ranks, has quit after finding it impossible to deal with the conflicting interest groups backing them. Last month, Mr Hernan Buchi, the former Chilean Finance Minister, withdrew his name as a presiden-tial candidate, arguing that he was not cut out for politics.

# Foreign currency reserves dwindling

By Gary Mead

ARGENTINA'S central bank foreign currency reserves have reached the dangerously low level of \$150m or less, according to Mr Carlos Menem, who is due to take office as Argentina's president on July 8. Mr Menem is facing a welter of economic problems which threaten to overwhelm his cabinet even before he enters government in just over two weeks. One senior member of his team, Mr Guido Di Tella, appears to be on the verge of withdrawing, as a result of internal disputes over future fiscal and monetary policy.

Mr Di Tella, who was June will pass 100 per cent for trals.

recently nominated hy Mr Menem to be Economic Co-or-dination Secretary (in effect second to Mr Miguel Roig, Economy Minister), is believed to be pressing for a fixed high exchange rate. But his views are not acceptable to Mr Menem's wing of the Peronist

party.

The bad news is confronting Mr Menem on all sides. Official figures have just been released showing that the treasury is now gathering enough revenue to cover only 28 per cent of the the month, is rapidly eroding not only the state's tax reve-nues but also public sector tariffs and the purchasing power According to the indepen-

deot research institute FIEL. the real purchasing power of salaries has fallen between 48 and 57 per cent since the and of December 1988. The General Confederation of Lahonr. trade unions, has called for an increase of the monthly minimum wage from 8,700 australs (£27 at current official exchange rates) to 15,000 aus-

### OVERSEAS NEWS

# Fear and division prop up Afghan regime

Christina Lamb slips her minders to seek out the truth about life in war-torn Herat

N A sunny afternoon in the ancient city of Herat, the Afghan war can almost seem over. At the wedding of the daughter of the administrator, local notables gorge themselves on luxuries. Outside, starving children playing in open sewers beg for a few pennies. Stormed three times in its 2,500-year history — hy Alexander the Great, then hy the Mongol conqueror Tamerlane, and more recently hy Soviet forces in 1979 -Herat's shimmering heat is today disturbed only hy the hammering of workmen and the tinkling of donkey carts. In fact, so confident is the Government of Soviet-backed President Nailbullah that it even runs tours to Herat. This is the Government which, according to the US, should have collapsed when the last of 115,000 Soviet soldiers left Afghanistan in Fehruary. But, says President Najibullah, It is the mujahideen who have

given up. So, searching for an answer to why Najih has survived, I was taken with a fellow journalist by tank to Herat. accompanied by two "minders" seedy men in crumpled suits from whom I would be reluctant to huy a used

Committed party officials assured us that everyone loves Najih and his People's Democratic Party (PDPA).
They said there was no
destruction and the
mujahideen had no foothold in the city - we could, after all, drive all round it. The tanks in the bazaar and the army post inside Herat's historic mosque were said to be "secnrity measures," whils the bombers screeching across the sky at night were simply "training." The officials added that there were no shortages and plenty of electricity and running water - unfortunately, we were staying at the only place in town with neither. They almost fooled us. But

when I slipped away to a population, many of whom carpet ehop, I was told in have fled to Iran. The



whispers amid loud bargaining that everyone was scared of the Government and that the mujahideen controlled half the city.
This was a half which we

This was a half which we had not realised existed, and as I wandered towards it, six servicemen eurrounded me. When I started climbing the ramparts to see the mujahideen area, they warned me that my visa would be stopped. But from the top of the citadel it was obvious how the citadel it was obvious how much we had not been shown. The scene helow reflected merciless bombing, hardly a wall was left standing.
The town suffered the worst bomhing of the war. More than a quarter of it still lies in ruins. The Soviet forces were believed to be taking revenge for the massacre, in March 1979, of 30 Soviet families whose bodies were paraded around town on pikes. The heavy bombing early in the war led to the killing or wounding of about 10,000 of the 180,000 population. The continuing intensity of feeling against the Soviet Union was revealed hy the insults which were prompted by my fair (and Russian-like) hair as I walked

through the city. Herat, which was first rehuilt after its conquest by Alexander the Great in the 4th century BC, relies primarily on local agriculture to feed its 2,500-year-old irrigation system was destroyed in the war and the lack of clean water has pushed up infant mortality to one in five liva hirths, according to Dr Farid Hasan,

director of Herat's only hospital, revealing the empty shelves in his pharmacy.

But Najib's propaganda war is being seriously prosecuted.

Government officials who eapoused Marxist revolutionary doctrine a few years ago are now seen praying in mosques. To give added reassurance that his Government is not made up of commonists, Najlb's recent speech on privatisation contained lines of Thetcherite rhetoric. He has also edmitted that land reform was heavy handed and that hy ignoring tribes the Government has forced landlords to the other sids. One Kahul diplomat commented: "The party has undergone a trems ndous metamorphosis which is at

least policy-deep." Others, however, are less convinced. They point out that when Najih announced a state of emergency in February his cahinet was purgad of moderates. Young hoys are forcibly rounded up to join the army and many are still "disappearing" from Kabul. The notorious Pul-i-Cherk jail which holds 15,000 is full and the secret police conduct

ruthless house searches.

Moreover, while Najib (who became president in 1985) is eager to emphasise that his regime is different, the hundreds of thousands of peopla whose relatives were tortured or executed in jall will nortured or executed in Jall Will not easily forget his hlack history as head of the Khad, the Afghan secret police. "It is not as if he was minister of health or education," says Ahdni Haq, a Kahul mujahideen commander. "Ha was minister of killing."
He has managed to convince
tha two feuding factions of the

PDPA — his own Parchamites (the banner party) and the Khalkis (flag party) — that the only way to survive is to unite. All the sams, many party members are unhappy with the transition to an Islamic nationalist party favouring multi-party democracy. A constant complaint is that the president is trying to be all things to all men. PDPA - his own Parchamites things to all men.
If no more viable than

before, the regime certainly haa more confidence. According to diplomate, before the withdrawal ended there was panic, anger and despair within the party." In January a senior Khalki who visited the Soviet emhassy to sign the condolence book for the Armenian earthquake, railed: "You sold na to the mujahideen," and envoys were sent to Delhi to ask permission for party militants to seek refuge in India if necessary. Such sentiments have been replaced by an air of resilience, and morale in the army

appears quite high.

At the same time, the regime is far from popular — my rare unmonitored chats with shopkeepers reveal the depth of feeling against Najih and disappointment that the mujahideen have not come. In Herat, Habibullah, a carpet merchant, explained: "We're all supporting the mujahideen with food and shelter. No one likes the PDPA. We're not even free to say what we like." Najih's strategy is to aplit the resistance between ths

leaders in Pakistan whom he

labels "puppets of foreign powers" and the hill-fighters inside Afghanistan. He believes the commitment of the latter is wavering, now that the Soviet troops, the main targets of their wrath, have gone.

. He sees the way to peace and his own survival through deals his own survival through deals with these commanders. While in Herat, we took tea with some of these leaders who had defected to the Government because "they liked Najih's policies." For those not prepared to talk to Najih, a 64-memhar mediation committee has been set up to provide an instrument for pertiation. But not many are negotiation. But not many are

playing his game.
Another method of schleving peace is the attempt to use tribal connections. Fazal Haq tribal connections. Fazal Haq Khaliqyar, governor of Herat, a non-party man who was governor under the formar King, Zahir Shah, explains: "I am an old respected man of Herat and know all these people. I attend prayers with the opposition and people trust me." To maintain peace in Herat he relies on tribal milital who can either be hought to who can either be bought to stop fighting or persuaded to change sides.

According to an old saying: "You cannot buy an Afghan, you can only rent him." Yet that is precisely what Najib is trying to do. Sometimes this hackfires. The heaviest fighting in Herat at present is between the mujahideen of Ismael Khan and those ex-mujahideen who have joined the Government forces
- sparked off hy the killing of
Arif Barakzai, a tribal leader
who changed sides.

As the sun goes down over the minarets of Herat, tracer bullets light up the sky. For Najib every sunset is another victory. For the people of Afghanistan it means more sons lost. Among the ruins, 73-year-old Nadya is crying for her country. 'I don't care who comes in to power. Ws are all the same people with the same hopes and dreams. We just want to be left alone and the killing to stop."

# Westernised women dread return to a veiled existence

Christina Lamb finds resistance to the burga

T COULD be any western university campns. Brightly dressed girls in tight miniskirts or baggy T-shirts proclaiming "I'm not with this idiot," ait in the sun, licking icccreams and discussing everything from their favourite Indian filmstars to politics, Western rock music blaring from a portable stereo. A group of literature students are discussing Fariba's newly-dyed blond hair. "If Gulbuddin comes in power he'll cut it all off and lock you up," jokes one.

jokes one.

The laughter is a little hollow. Women such as Tese, at Kabul University, seem a different species to the Afghan women who, as refugees in Religious are found by the state. Pakistan, are forced by threats from the more fundamentalist Afghan resistance parties -such as that of Gulbuddin Hekmatyar — to hide themselves in burqas, unsightly, bent-like garments with only a small grille for vision, commonly known as shuttlecocks. This is when they are allowed out on the streets at all.

The women of Kabul Univer-sity are not the only ones who worry that if the extreme fundamentalists among the muja-hideen have power they will be forced to stay at home, aban-doning their amhitions and modern lifestyles for what they call "Gulbuddin's medieval for-

In a government flat, Wajia, a well-known singer, strums her guitar and between puffs of her cigarette says she will have to leave the country if Gulbuddin comes.

din comes.

President Najibullah's government has played up such fears, reminding people how Gulbuddin was among thosa who threw acid in the faces of unveiled women at Kabul University in the late 1952. versity in the late 1960s. Women's fears about a fundamentalist regime surfaced last summer when the mujahideen announced the constitu-tion of their interim govern-

ment, stating that women must

President Najibullah, giving his first major public assess-ment of the Afghan war since the final withdrawal of Soviet troops four months ago, said yesterday government forces had won a crucial first victory against Moslem guerrillas,

against Moslem guerrillas,
Reuter reports from Kabul
He said Kabul wanted a
broadly-based coalition govermment and criticised the US
and Pakistan for continuing to
arra the mujaheddin.
The US and other western
countries wrongly predicted
the rebels they support would
quickly topple Najihullah's
Soviat-backed govarnment
after the troop pull-out.

be kept in purdah. Headlines across the US screamed "mujahideen will forca women behind the veil" — something of an embarrassment for Washington, which has spent more than \$25m (£1.3m) funding the resistance since Soviet forces. resistance since Soviet forces entered Afghanistan in 1979 the main portion going to the fundamentalists. Although this government is

now defunct, no new constitu-tion has been announced and at the 500-member shurz (council), beld in Pakistan in February, no woman was invited. A good many of the seven resis-tance leaders say they would not want women to vote if elec-tions were held.

Najibullah, meanwhile, has tried to win over women, giv-ing them places in his adminis-tration and creating a special 600-member woman's militia. Nadya, a 20-year-old cadet, has just returned from Jalalabad, just returned from case where she says she fired rockets on mujahideen. women have become a force to reckon with and will not let Gulbuddin here."

Women have become vitally important to the economy, with 1.5m men of Afghanistan's pre-war population of 15m killed in the 10 years of fighting and many more ren-dered incapable of work through injury. Most staff at Afghan factories are women and when the refugees return. reconstruction could again fall eavily on women.

Esmatee Wardak, president of Afghanistan's women's com-mittee, threw away her hurqa m 1959 when the then King Zahir Shah, declared them no longer compulsory for women past puberty. One of the first Afghan women to graduate, Mrs Esmatee says the war has made women more assertive

and 100 times freer.
"I am a Moslem from a back-ward village and I will never again keep a hurqa in my house. Islamic law does not require it and now there are many women like me who will fight anyone who tries to turn us back to the veil."

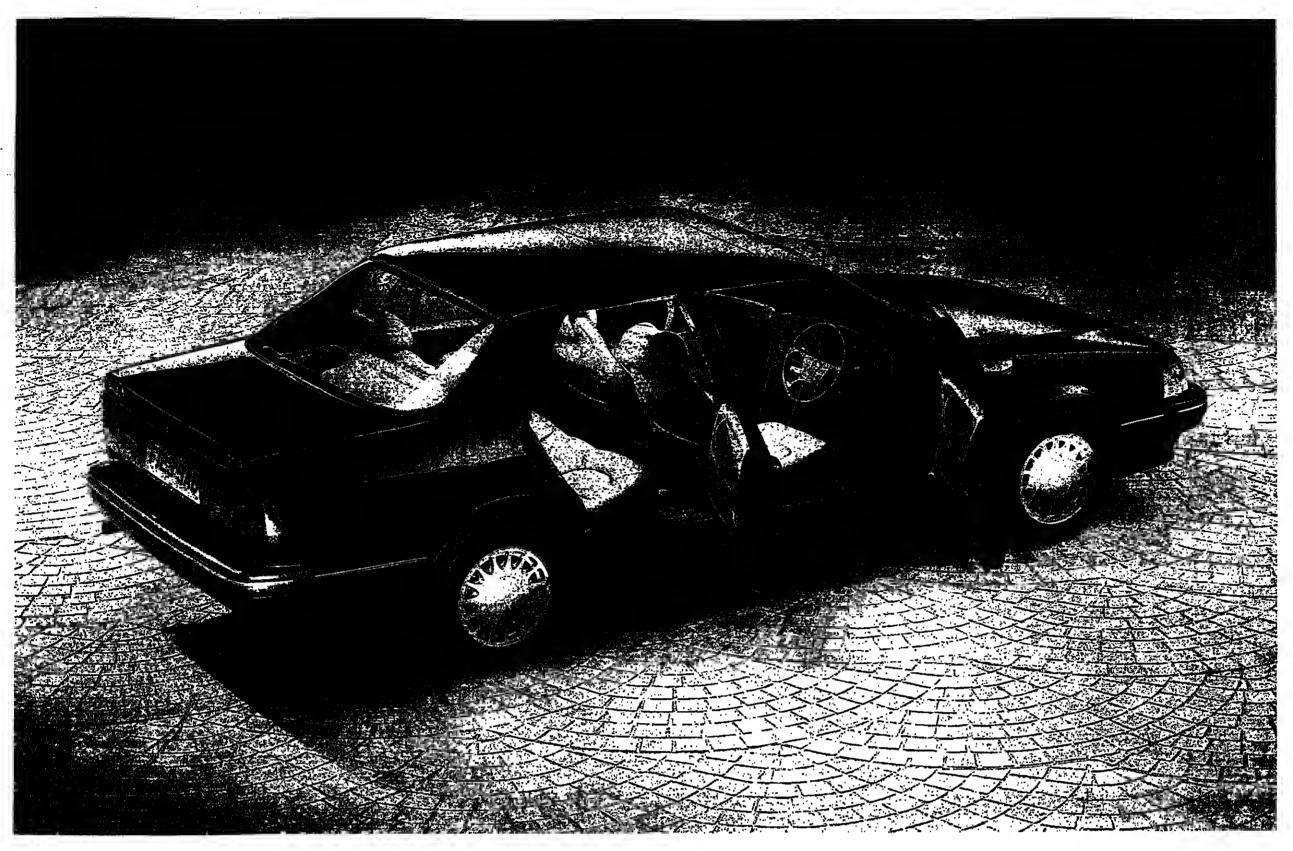
However, unlike religious or

ethnic groups such as Sikhs, Hindus and Hashia Hazaras who felt oppressed by the previous pushtun rule and whom Najib is wooing on the basis that all groups are now treated the same, women are angry at the suggestion that the party has liberated them. There were women MPs before the war and Mrs Esmatee maintains it is suffering and the need to be economically independent that strengthened us".

She admits that outside the

cosmopolitan city of Kahul many provincial women choose to wear burgas, regarding them as status symbols, but believes that with educa-tion they will be discarded. It was Zahir Shah who gave women the vote and intro-duced the miniskirt to Kabul. However, women's rights is an area where Najib hopes to win

the public relations war.
Ahhorrence at the Rekmatyar speeches does not necessarily translate into support for Najlh, Wajia looks forward to the day when she can write the songs she wants to. At the university Jumila asks: "What is it to have equal rights under a regime which does not believe in rights?"



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### **WORLD TRADE NEWS**

# Brussels, Japan chip groups near 'dumping' accord

JAPAN'S leading semiconductor companies and the European Commission are close to a settlement over allegations of dumping of two widely-used kinds of memory

chips.
The companies, including Fujitsu, Hitachi, Mitsubishi, Toshiba and Matsushita, among others, are expected within weeks to give formal undertakings to maintain their EC export prices at normal lev-els, said Commission officials. This will bring to an end a

two-year Commission inquiry into an extremely sensitive product for the EC electronics industry.
The chips concerned are

dynamic random access memo-ries (Drams) — ironically in short supply over the past year and eraseable, programma-ble, read-only memories, used in computers, video recorders and other electronic equip-

European producers, includ-ing Siemens of West Germany and the EC offshoots of Motorola of the US, had complained that the Japanese were export-ing to the Community at subdomestic prices. As a result, they had carved out a 95 per cent share of the European Anti-dumping actions nor-mally end with the imposition

stantially halow their own

of duties. However, the companies involved can also opt to increase or maintain prices above normal domestic levels, as is expected in this case.

Yesterday's announcement came as the Commission welcomed Tokyo's decision to implement a ruling by the General Agreement on Tariffs and Trade against parts of the controversial 1986 US-Japan chip pact, another sign of more peaceful trade relations in semiconductors.

Under the accord, Japan agreed to stop dumping chips in the US by monitoring export prices and volumes, which Gatt ruled amounted to an illegal quota system.

The Commission claimed this had driven up chip prices in the EC. Japan has promised only to monitor chip sales after export and to refrain from set-ting prices or volumes.

### **India to import 1m tonnes** of potash from Soviet Union

By K.K. Sharma in New Delhi

INDIA is to import 1m tonnes of potash from the Soviet Union after developing facili-ties for its shipment at Mariupol port in the Sea of Azov, the closest point from which sea-borne trade can be conducted between the two countries.

The unusual countertrade arrangement was made in a memorandum of understanding signed by Mr I. P. Haza-rika, chairman of the Indian Government-owned Minerals and Metals Trading Corporation (MMTC), when he visited the Soviet Union recently to explore increasing mineral

imports from that country.
Indian experts are to prepare a project report for development of Maruipol port since this will enable substantial savings in freight costs between India and the Soviet

Union and make it possible to Union and make it possible to economise on potash imports.

At present, India imports 2m tonnes of potash a year and pays for this in hard currency.

After development of the Azov sea port, half India's requirements of potash will be imported from the Soviet Union which now supplies only 50,000 tonnes.

Trade with the Soviet Union is conducted on the basis of an annual plan that provides for a balance of imports and exports. Temporary imbalances are set-tled on the basis of what are known as "technical credits" At present, India exports far more than it can import from the Soviet Union. Since the two-way turnover is growing rapidly, efforts are being made to identify new Soviet goods that can be imported.

50,000 toppes.

### Japanese in electronics tie-up with **Indian** group

By David Housego in

THE first signs that Japan's electronics industry is looking to India as an offshore production centre has emerged with an expected tie-up hetween Sanyo and BPL, the Indian consumer and professional

electronics group.

Mr T.P.G. Nambiar, BPL's managing director, said yester-day that he was in the final stages of negotiating an agree-ment with Sanyo under which the Indian company will produce 1m audic sets a year for sale in South East Asia and the Middle East by the Japanese

when the operation reaches a peak, BPL will earn Rs1.5bn - Rs2bn a year from sales to Sanyo - equivalent to more than a third of its current turn-

Over. BPL is India's largest pro-ducer of colour TVs and also makes a wide range of con-sumer electronics and professimer electronics and prives-sional items, including comput-ers and components. In 1983, it established a joint venture with Sanyo in which the Japa-nese group has a 40 per cent stake to make video decks.

The new tie-up will require BPL increasing its 4,500 staff hy 1,000 and investment of Rs300m in a new plant to make radio cassettes. BPL will base the design of the plant on simi-lar factories in Malaysia.

Though Japanese electronics companies have extensively invested in offshore production in China and South Rast Asia, this is believed to be the first time that e Japanese company is "sourcing" products from

Mr Nambiar said that he had been chasing the Japanese for such a venture for two years.

Though Mr Nambiar says the profit margins to BPL will be low, he believes that the higher volumes will enable him to lower his costs in the domestic market and hence to boost profits.

The other advantage is that Indian electronics firms need to earn foreign exchange to cover the import of compo-nents for other products they manufacture. BPL's handicap in competing with similar com-panies in South East Asia is having to bear higher Indian freight costs.

# Mexico begins campaign to woo Western investors

By Robert Graham

MEXICO has hagun a campaign to attract foreign investment from major industrialised nations, after last month's new regulations that have opened fresh sectors of the economy to foreign capital.

A high-level team has been in London this week, headed by Dr Fernando Sanchez

Ugarte, Under-Secretary of Industry and Foreign Invest-ment. Without setting a defi-nite target for foreign investment, he hopes to more than double the existing annual level to \$5bm (£2.9bm) during the next six years.

The team's message is that the government is committed to speeding deregulation and privatisation of the economy. They want to get across the idea that Mexico is in a different position from the rest of Latin America, presenting prospects of stable growth, spite the overhang of \$107bn

of foreign debt.
"We want to get the message across now because we see Europe becoming inwardlooking, thinking so much about its internal market," Only 9 per cent of all invest-

under Gatt rules. The restric-

tions had given an artificial price advantage to EC produc-ers by holding down prices for

scrap within the EC and increasing prices in the US. Brussels contends that,

ment currently comes from abroad. Last year \$2.59bn-worth of foreign investment flowed into the country, of which some \$860m was in the form of debt swap/conversion mechanisms. If project approv-als are included, the foreign investment total last year reached \$8.1bm.

Spain is one of the countries targeted by Mexico. It cur-rently accounts for 2.6 per cent of foreign investment. But Mexico wants to encourage a trend they see in UK invest-ment. Last year, the value of UK direct investment was 24 per cent of the total against 39 per cent from the US. The nearest European investor was France, accounting for 48 per cent Japan was close behind with 43 per cent.

On an accumulated basis. UK investment accounts for 7.3 per cent of the total - in second place but a long way behind Mexico's traditional partner, the US. Although the US still is responsible for 62 per cent of all foreign investment, this percentage has been

Mr Carlos Camacho Goas. director-general of foreign investment said the government wants US investment to maintain its rhythm but for other countries to commit themselves more. US investment in Mexico represents about 3 per cent of its total overseas investments.

Foreign capital can now own 100 per cent of companies with assets under \$100m, if funds come from outside Mexico and the investment is away from congested centres. Areas where fereign investment is being sought include broadcasting. domestic transport and tour-

# EC curbs on copper scrap 'distorting world market'

Community's restrictions on exports of copper scrap are giv-ing EC copper producers a price advantage and distorting the world market for scrap, according to the US Trade Rep-

according to the US Trade Representative'n office, William Dullforce reports from Geneva. The US has tabled a demand in the council of the General Agreemant on Tariffs and Trade for a disputes panel to investigate its complaint. The EC said it was opposing the setting up of a panel but indicated it could give way at the next meeting of the council. Washington claims that for the past 15 years Brussels has the past 15 years Brussels has kept export quotas for copper scrap that have no justification

because the EC does not have its own copper resources, its processing industry depends to a much higher degree than other economies on the avail-ability of scrap. There was a risk that an end to export con-trols would lead to an outflow of comper scrap from the EC. of copper scrap from the EC, which could not be replaced.

The copper dispute was one of many items on the Gatt council casebook yesterday. Others included: · A panel report ruling in

favour of an Australian complaint against US restrictions on imports of raw and refined sugar.

When its Sugar Act expired in 1974, the US established import controls on the basis of ule authorising the President to proclaim duties and quotas. Since 1982, the US has regu-larly declared global import quotas and allocated them among sugar-exporting countries according to past perfor-

Domestic US sugar produc-tion increased from 5.9m short tons in 1982 to 7.3m in 1987. The disputes panel told the US either to drop its restrictions

or bring them into conformity with Gatt.

 Three panel reports on com-plaints from Australia, New Zealand and the US about Korea's beef import controls.
Since it joined Gatt in 1967
Korea has limited imports to
protect its balance of payments, as Gatt allows developing countries to do.

In 1984 and 1985, it stopped issuing tenders for comm imports of beef and halted imports of "high-quality" beef. There was a partial re-opening of the market in August 1988.

The Gatt panel found that these measures had been taken to protect the domestic cattle industry, and not for balanceof-payment reasons. Korea was told to eliminate its beef import controls or to bring them into line with Catt rules.

· A panel report backing Chile's claim that the EC had administered quotas for apple imports in a discriminatory way. The EC accepted the rul-ing this time but brushed aside a Chilean suggestion it should pay compensation.

 A Gett ruling dating back to November, 1988 in favour of an EC complaint that US procedures in enforcing intellectual property rights under section 337 of its Tariff Act discriminated amount imported goods. nated against imported goods. The US again declined to accept the panel's findings.

# Brussels queries Danish bridge tenders

By Hilary Barnes in Copenhagen

THE European Commission has asked Denmark for an eleventh hour postponement of the signing of a DKr3bn (\$391m) bridge construction contract until the government has answered questions from the Commission concerning the tender material, which may have contravened EC public procurement rules.

The Commission's letter was received late yesterday, only hours after the state-owned company reponsible for the construction of the bridge had announced that the contract would be signed next Monday. It is understood that the government is preparing a reply to the Commission to the effect that it sees no need to take action in response to the Commission's letter. A spokesman for the bridge company said that the signing

would go ahead as planned. The contract is going to a consortium which includes Danish firms in partnership with Taylor Woodrow Con-struction, of the UK, Ballast Nedam, Holland, and Losingen, of Switzerland.

The Commission appears to have acted after complaints' from the French construction company, Bouygues, which tendered for the contract together with Britain's Trafal-gar House and other Danish

and international companies.

The contract is for a 6.6km road-and-rail bridge across the western end of the Great Belt. When completed the rail and

tunnel link will link Sjaelland with the Jutland peninsula. The bridge project, which has often been held up by inter-par-

liamentary rows and local opposition, was finally given the go-shead earlier this year. The rail and road link is expec-ted to boost traffic and reduce transportation times for goods. The Commission's letter is the initial step in what could lead to a case against Denmark

before the European Court.
It is understood that the Commission is concerned that EC rules on public procure-ment may have been contravened by tender material speci-fying the use of Danish labour and thus discriminating against labour from other

### Caracas offers subsidised debt repayment rates

By Joe Mann in Caracas

THE Venezuelan Government has approved a plan under which Venezuelan companies with outstanding debts to government-owned export finance organisations, such as the Export Credits Guarantee Department (ECGD), will have access to foreign exchange for debt repayment at subsidised

exchange rates.

When the administration of President Carlos Andres Perez unified a two-tiered exchange rate system for the Venezuelan bolivar last March, all public and private sector entitles were expected to repay their foreign obligations at the free market rate for the Venezuelan

This meant e rise of 150 per cent or more in local currency costs for debtors.

The free market rate for the bolivar this week stood at around 38 bolivars to the US dollar. Before the March unification, companies were given access to foreign exchange at more favourable official rates at the Central Bank, either 14.5 or 7.5 bolivars.

Under the recent govern ment decision, duly-qualified debtors now may purchase foreign exchange from the Central Bank at the old, official exchange rates originally stipulated in foreign exchange agreements signed with the previous government.

RATE OF GROWTH IN NEW COMPANIES REGISTERED WALES 45%

U.K. 19%

BUSINESS SURVIVAL RATE WALES 35% U.K. 19%

PERCENTAGE OF WORKFORCE SELF EMPLOYED WALES 13% G.B. 11%

INDEX OF MANUFACTURING OUTPUT WALES 135.6 U.K. 116.3

GROWTH IN NET MANUFACTURING OUTPUT PER EMPLOYEE

WALES 36% U.K. 29%

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NISSAN



# Faulty pipes force Chevron to shut two N. Sea platforms

By Maurice Samuelson

TWO OIL platforms in the British sector of the North Sea have been shut because of corroded pipework, cutting the flow of oil by 83,000 barrels a day of crude, Chevron Petroleum (UK) said in Aberdeen

The shutdown came as Britain's North Sea oil output, already hindered hy a series of accidents during the past 12 months, fell in May to its lowest level since records began in

Chevron said two of its three platforms on the Ninian field stopped pumping when pinhole leaks were found in pipes on the platforms.

Ninian North was shut last Sunday and Ninian South on

South platform may resume limited production perhaps at the weekend." It was not known when Ninian North Repairs would prohably he

delayed by a 24-hour strike of more than 130 contracted maintenance workers, part of a wave of strikes throughout the North Sea. The Royal Bank of Scotland,

in its monthly index of oil production, reported yesterday

that May production levels of 1.63m h/d were nearly 80,000 barrels below those of April and 33 per cent down on May 1988.

Had high prices not cut consumption in the early 1980s, Britain would now he import ing oil, the bank said.

The value of North Sea production has held up, however, mainly hecause of sterling's weakness against the US dollar, in which oil is traded inter-

Most of the loss resulted from the shutdown of the Brent pipeline in May after a fire on the Cormorant Alpha platform, which affected nine fields.

The recovery in output from the resumption of the Brent pipeline will be delayed by the ummer maintenance period.

The hank said: "Output could be close to the 2m b/d mark for June and should stahilise around 2.3 h/d in the sec-ond half of 1989, good news for the Chancellor's trade balance

worries and inflation." Average prices in May were \$18.5 s barrel, \$1 down on April, but the falling pound helped to maintain prices in

# London's 'Misery Line' set for revamp

LONDON Underground the state-owned holding comrailway yesterday announced plans for a £500m revamp for the cramped and overcrowded Northern Line, known to mil-lions of Londoners as the "Misery Line", writes Kevin Done.
About £400m would be spent
on a fleet of 115 new trains to replace the existing rolling stock, some of which is 30 years old.

The rest of the money would be spent on a revolutionary new eignalling system developed in Canada and France which has not yet been used in

pany for London's huses and Tube, and Mr Paul Channon, the Transport Secretary. This is thought likely to be a formality in view of extreme overcrowding and unreliability on the Northern Line, which car-ries 719,000 passengers a day np 50 per cent since 1981. The core of the Northern Line proposals is the new sig-nalling system, called Trans-mission Based Signalling (TBS)

which abandons the principle of discrete track sections used

### Standard Chartered to sell head offices

By Paul Cheeseright and David Lascelles

STANDARD Chartered, the international banking group in the threes of a reorganisation, expects to raise about £400m from the sale of its head offices in the City of Lon-don and in Singapore.

The sale of its office complex in the heart of the City, at a price of more than £200m, would be one of the largest single property transactions seen on the British market.

The Singapore building is a 44-storey tower with office space of 484,000 sq ft and has a value roughly comparable with that of the London build-

ing.
Disposal of the huildings would release funds to boost the core banking husiness. More specifically, the sales would result in a significant contribution to Standard Chartered's core, or "tier one", cap-

Under last year's interna-tional Basic agreement on bank capital, this form of capital dictates the rate at which a bank can expand its business. As part of its reorganisation

eince escaping from the cintches of Lloyds Bank in 1986 and the enbsequent appointment of Mr Rodney Galpin as chairman, Standard Chartered has had a pro-gramme to dispose of high-price fixed assets.

It has been most marked in Asia, where there have been sales in Bangkok and a fundsales in Bangkok and a lund-raising exercise on the bank's Hong Kong headquarters. It has also disposed of two US subsidiaries.

Growing attention to costs has led Standard Chartered to the same conclusion as the

British clearing banks - that it is not necessary to keep expensive complexes in the

crpensive complexes in the City.

Its headquarters, which cost 276m and was opened by the Queen in 1986, is one of the most sumptuous bank huildings in the City.

The potential buyer is likely to be a large investing institution or an owner-occupier. The City property investment man-

for all railway signalling since The proposals require approval from both the board of London Regional Transport,

A project team is studying approval from both the board TBS signalling systems in Paris, Vancouver and Toronto.

City property-investment market by foreign interests.

# BP's builders discover formula for success

Peter Marsh looks at the construction of a 'model' £250m chemical production plant

E XECUTIVES at the chemicals division of BP, the UK oil group, will be firing open the cham-pagne bottles today to celebrate completion of what they regard as a model plant-build-

ing project.
The £250m scheme, in Hull,
Humberside, has involved an
unusually complicated mixture of contractors and investors and has many different prod-

The plant was built in modules at three different yards before being shipped to the Hull site. The epproach cut construction time and, so BP claims, hroke important new ground in management of chemical industry huilding programmes.

Despite the complexity of the

Despite the complexity of the operation, one of Britain's higgest chemical huilding programmes in recent years, the Hull scheme has been finished on schedule and with hardly any serious technical hicrup. "We view Huil as a showcase of how to run a construction of how to run a construction project," saye Mr John Rou-

tley, general engineering man-ager at BP Chemicals. The project's main purpose was to add to BP's production of acetic acid, a chemical important in a range of industries including paints, adhesives, solvents, paper treatment and foodstuffs. BP is, after Hoechst of West Germany, the world's second-biggest producer of the material and accounts for about a fifth of total annual production of

of total annual production of some 4.5m tonnes.

The Hull scheme, which adjoins the site of an existing BP acetic-ecid plant, also

makes ammonia for nitrogen-based fertiliser on behalf of Kemira, a Finnish fertiliser company. Another set of prodncts are industrial gases, including oxygen, nitrogen and argon, in a part of the site con-trolled by Air Products, a US

gases company.

Both Kemira and Air Products were among the consortium of five groups involved in management of the project and which together put up the investment. BP — whose annual ootput of ecetic acid from its Hull operations is increasing from 400,000 tonnes to 575,000 tonnes as a result of the new plant - was the leader of the construction team and cootributed half the total cost.

The other two members of the consortium were the Yorkshire Electricity Board, which laid on power supplies, and British Gas. The gas company built e new pipeline to trans-port the methane used as the plant's feedstock. All five organisations agreed from the start of the scheme

three years ago that one per-son - Mr Keith Mackman, a BP engineer - would be in overall charge. That svoided the problems of lack of leader-ship, and consequent argu-ments and delays, that have characterised other construction projects in recent years involving several partners.

A similar approach was agreed with the main contrac-

tors working on the project,
Davy McKee and John Brown
of Britain, West Germany's
Linde and M.W. Keilogg of the
US. "They went along with the
approach of working in integrated teams as part of the pro-



Keith Mackman in front of the plant asse

cess of making the construc-tion as efficient as possible," says Mr Routley.

The higgest innovation was the idea of building the com-plete plant in 23 separate units

at three sites in north-east England run hy different con-struction companies - Whessoe, Charlton & Leslie and South Humberside Services. Hull al the beginning of last year and, in a process which took just 12 montos, boiled and wolded together in the manner

of a Meccano set.
This general philosophy is well known in the offshore industry. But according the BP, the approach has been sel-dom tried when constructing large and complex plants on

"It meant we could get on with the civil-engineering work at Hull - has laying underground pipes and securing the foundations - while the three other yards were working on other yards were working on things like pressure vessels and the stechwork." says Mr Routley. "The approach saved us six to nine months in construction time."

BP is also full of praise for the attitude of the workforce involved in the project. At its peak, the programme employed 2,200 people spread across the three construction yards and

Mr Routley says the three main trade unions involved the Transport and General Workers Union, the AEU engineering union and the EEPTU neering union and the EEPTU neering union and the EEPTU neering union and the success of the programme.

The unions even agreed to their members' working in the rain, conditions which often bring construction yards to a halt, after BP and the other consortium members said they would issue protective cloth-ing. The whole project required 4m man hours of construction labour." says Mr Rou-tley. "There were no disputes and no strikes."

# Audit Office criticises RO sale

By Paul Cheeseright, Property Correspondent

THE NATIONAL Audit Office, Parliament's watchdog over public sector efficiency, believes that, when public land is sold, the taxpayer should he able to share in future profits

arising from that land.

This is the conclusion it reaches from a further examination of the circumstances surrounding the sale of Royal Ordnance, the state-owned armaments groop, to British Aerospace in April 1987 for

The conclusion is a thinlydisguised criticism of the way in which the Ministry of Defence conducted the sale. It follows earlier criticism of the House of Commons' Public Accounts Committee that the Ministry of Defence had deprived the taxpayer of bene-fits from the RO sale because

np-to-date property valuations had not been carried out. Controversy has surrounded the British Aerospace purchase since August 1988 when Warhurg Securities published an internal estimate that three RO sites, at Enfield and Waltham Ahhey to the north and north-east of London, and Patricroft, near Manchester, could be worth more than

£450m.

\* Ministry of Defence: Further Examination of the Sale of Royal Orthance plc — report by the Comptroller and Auditor General, National Audit Office; June 1989; HC 448; HMSO, London, £7.90.

### Manufacturers' stocks up by £236m in first quarter stocks of £330m in the last

STOCKS HELD by British manufacturers rose by £236m in the first three months of the year, according to revised sea-sonally-adjusted first quarter figures released by the Depart-ment of Trade and Industry

The largest increase in manufacturers' stocks, some £194m in 1985 prices, occurred in tha engineering sector. This fol-lowed a rise in engineering due to the early Easter.

three months of 1988. Across all industries, stocks rose by £468m in the first quarter compared with £1.5hn in the last three months of 1988. DTI statisticians made an "exceptional" upwards adjust-ment to stocks of £300m to its other industries" classification - which includes motor trades, finance and construc-tion - to offset stock changes

# Accountants plan European training

graduetes from continental Europe into British chartered accountancy and to improve the assessment of the practical elements in accountants' training were announced yesterday by the Institute of Chartered Accountants in England and

Mr Andrew Colquhoun, the and training, described the most radical change to our

The institute has decided that offices in Europe with institute members will in future be recognised as appro-priate places to train chartered

accountants. The initiative highlights the trend ecross Europe towards competition for graduates in anticipation of the decline in the number of young people and the completion of the single European market.

Britain have been recognised as appropriate places for the three years of work-based training undertaken by graduates before qualifying as chartered accountants.

Mr Colquhoun said the initiative was designed to increase the flow of continental graduates into the British profession - at present num-bering less than 100 of the 6,500 annual intake - as well as to encourage British trainees to The institute is also launching a study of how its assessment methods can be re-cast to give greater weight to the prac-tical skills learned on the job

by trainees. At present, successful quali-fication is almost entirely dependent on examinations of theoretical knowledge. The institute plans to prepare proposals on assessing practical knowledge by mid-1990.

# Colleges yield on engineering funds despite fall in intake

By David Thomas, Education Correspondent

THE NEWLY independent polytechnic and college sector has bowed to Government pressure to maintain the funding levels for engineering courses, even though the num

courses, even though the num-ber of engineering students is continuing to decline.

The Polytechnics and Col-leges Funding Council, respon-sible for distributing film a year to 80 polytechnics and col-leges, announced this decision yesterday, as it also approved a new system for distriboting funds designed to put greater stress on student preferences.

The annual intake of engineering students in the sector fell by 3.9 per cent this year, against the trend for all other

However, the council has decided to channel marginally more funds to engineering courses next year, even though it has adopted a general princi-ple of reflecting the trend in

student preferences.
This is because Mr Kenneth Baker, Education Secretary, told the council to continue the emphasis on engineering and Separatsly, the council

approved a new system for distributing funds which might be used as a model for decisions due to be made soon about university funding mechanisms.

In future, the polytechnics will bid for a slice of the council's funds under nine hroad programmes such as engineer-

ing and technology, business and management, and humani-ties and social sciences. The council will survey the hids, taking into account student numbers and the price and quality of courses, and will then place contracts with each

The council believes the system will encourage colleges to increase their student intake and to drive down course costs.

This will be on top of the Government's recent decision to channel more funds through student fees, which will tend to student lees, which will tend to have the same impact. When the Government's proposals are fully operational, 42 per cent of polytechnic income will come through fees, as opposed to 13 per cent at present. However, the council also decided to introduce the funding changes gradually.



LONGINES

# An open reply on South Africa

ear Mr Rogaly,
My acknowledgements of your open letter to me are to you for making this open reply necessary and to the FT, for making it possible. On e personal note, I imag-ine you found some change in the Republic - in laws less restrictive and in material wealth s little more widely spread - in the 30 years since you left that country. But there still remains so much to do, even 87 years after Cecil

Rhodes'e immortal phrase. From your frequent references to the politics of the South African environment, it seems that the main thrust of your letter is for us to become politically involved, perhaps not only in South Africa, This reply is framed on that

Your several other points do. however, also merit some comment in the interests of accuracy, objectivity and fair play. Only 66 ex-workers, none of them "Africans" (sic), took the choice of re-employment in Nstal but you made no comment about e response of such unusual unanimity from the hlack African labour force. Perhaps it was doe to the presence of the militant picket line which physically forbade any black worker to present himself at the re-employment

Your reference to Winning and losing in the courts may be acceptable journalese hut it is an inadequate description of the legal findings. We also find much irony in your description of our management as being a touch legalistic. The two occasions on which the Howick matter came to the courts have both been at the instigation of the unions. The suggestion of a "wrap-up" deal o la Murdoch reads as a diversionary pebble of pragmatism dropped into a stream of political articulation. Businessmen spend most of their lives finding workshle solutions in the relentlees timeframe set hy lhe marketSir Owen Green, chairman of BTR, replies to Joe Rogaly's open letter a week ago, about a four-year-old dispute at a rubber factory in Howick, Natal, South Africa

Comparisons with Unilever or any other industrial corporation are those of style and one does not need to make a safari into the South African business scene to draw such

They surely exist hetween companies and countries in endless variety. In several mar-kets we are taken as a role model of enterprise and effec-tiveness in the husiness of wealth creation.

Our organisation etructure

has for over 20 years represented the more advanced of today's management theories on decentralisation, globalisation, flexible networks, transnationalism and other "isms".

In the matter of local and perhaps evolutionary management styles, the Howick plant which you visited practised joint consultation under s markedly paternalistic management continuously from the 1920s. Some change in those previous good relations between worker and management sppears to have coincided with the introduction of a white-organised black union

Your final important assumption, as evidenced in your opening and closing paragraphs, is that BTR plc (a UK registered company) which holds 53.3 per cent of BTR Dun-lop (a public company regis-tered in South Africa) controls and directs that organisation. While there might come to be circumstances in which BTE plc votes its shares to express its views, these have never arisen, there or elsewhere. The greatest safeguard against an intrusive act of the parent is the vary existence of local shareholders, represented by locally involved directors, as

members of a publicly account-

able corporation.
As a matter of choice, those companies in which we have less than 100 per cent owner-ship work within a BTR framework because it has alweys proved advantageous to the achievement of their wealth creation objectives. In South Africa at this time that choice is followed without even the presence of a parent company representative on that board.

Finally I address your query on whether the creation of

wealth and being in "business not politics" is good enough. The creation of wealth is a priority in any society which believes in improving the material living standards of its members. This is the essential contribution that we and other participants in that activity in South Africa are making to the cause of the under-privileged people of that country.

hose who advocate a scrittle may satisfy political imperatives. They do nothing for the advance-ment of the material living standards of the masses they wish to represent You affirm that one cannot

operate under spotlights and stay politically aloof. I have no declared political bias, unless a strong belief in the free market marks me. But our disagreement on business in politics is fundamental. Perhaps two examples taken from each end of the spectrum of husiness in politics and vice versa will underline one of the reasons for our stance. At one end the support given to Hitler by German hig husinese from 1934, and at the other end the influence of the trade unions on Government policies in the UK

in the 1960s and 1970s, each led or contributed to misfortune one a disaster of world dimensions, the other a national mess. Success in politics or industry is an exhibitating and confidence-inspiring experience. Taken together the effect can be positively hubristic.

Whatever our personal politics, it is a matter of fact that BTR has none. In common with all corporate bodies, BTR is a legal entity which takes the form of an "artificial person" created by Parliament for the protection of investors. It surely embodies the spirit of the upholders of the corporation but the protection of the corporation. the upholders of the corpora-tion but it has nelther mind nor will of its own nor any vote. The political rights and expressions of the workers, the shareholders and the custom-ers, all of whom contribute to the objectives of the enterprise, are not within a company's domain.

We in BTR acknowledge the government established by the electorate of a country or soci-ety. We obey the laws of the lands in which we work We believe in the freedom of the individual, of any race, colour or creed to accept our employ-ment and to work with us in our common cause – the cre-ation of wealth through the satisfaction of material wants and needs. We have been successful in that commitment for

many, many years.

I believe that record to be conclusive evidence that the BTR working environment that of employees freely engaged, their energies creatively applied, investors properly rewarded and the results satisfying society's ever-changing requirements - is healthy. contemporary and a worthy microcosm of a world in

Owen Green

BTR plc, Silvertown House,

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# P & O European Ferries faces manslaughter charge

By Kevin Brown, Transport Correspondent

P&O European Ferries, the company which owned the ill-fated Herald of Free Enterprise car ferry, is to be prosecuted for mansia

A summons was issued by Bow Street magistrates in London yesterday at the request of Mr Allan Green, the Director of Public Prosecutions.

The prosecution will be one

of the first in which a UK company has been prosecuted for the criminal offence of man-

P&O European Ferries is a snbsidiary of Peninsular and Oriental Steam Navigation which operates ferry services to continental Europe from

The company, formarly known as Townsend Car Ferries, was taken over by the P&O Group six weeks before the Herald capaized outside Zeebrugge in March 1987 with the loss of 198 lives.

Summonses for manslaughter were also issued against two of the Herald's senior officers, a crewmen and four

Lewry, the master, Mr Leslie Sable, first officer; and Mr Marc Stanley, assistant boat-

The directors named are Mr Wallace (Jimmy) Ayres, head of the company's technical department; Mr Jeffrey Develin, chief marine superintendent; and Mr John Alcindor, deputy chief superintendent. All three former directors

have left the company since the takeover by P & O. All the summonses relate to the deaths of two passengers and two crew killed. The victims are named in the summonses as Martin Spooner, Alison Gaillard, Richard Barnard and Marie Rich-

The individuals summonsed could face heavy fines or imprisonment. P & O European ferries faces

an unlimited fine if found guilty.

The summonses follow the return of verdicts of unlawful killing by an inquest jury at Dover on 187 of the victime The Coroner subsequently:

passed the file to the DPP, who

ordered an investigation by

The investigation, set up by Mr Frank Jordan, Chief Constable of kent, was codenamed Operation Libra, and headed by assistant chief constable Mr Brian Reynolds.

interviewed ferry company employees, former directors and survivors. P&O European ferries last

A team of eight officers

might refused to comment.

Mr John Prescott, opposition Labour party transport spokes-man, said the summonses followed a campaign by him, rela-tives of the dead, and the

The Crown prosecution Service said: "It has not been an easy or a comfortable decision but we feel it is the right one." • There is no previous case in English law of a company being prosecuted for an offence

being prosecuted for an offence such as manslaughter.
But, according to solicitor Shr. David Napley, the law provides for such a prosecution-so long as the offence is not incapable of being performed by a company and providing the penalty is not a mandatory prison sentence.

# Calsonic completes £15m deal for Llanelli Radiators

CALSONIC, the Japanese automotive components group, said yesterday it intended to make the former Rover Group subsidiary, Llanelli Radiators Holdings, "the foundation" for

its expansion plans in Europe. The Japanese group, an associate company of Nissan, has now completed its £15m take-over of Llanelli Radiators. The acquisition is an important part of the restructuring of the European automotive components industry, which is gath ering pace in the run-up to the

single European market.
It is one of the first moves by a Japanese automotive compo-nents maker to establish s presence in Europe through acquisition, although several, including Calsonic, are present through joint ventures or tech-

nical agreements. Calsonic, formerly known as Nihon Radiators, is one of the world's leading makers of car air-conditioning systems, radiators, heaters, exhaust systems and catalytic converters. It and catalytic converters. It by Rover Group in 1987. Cal-said yesterday that it would sonic's takeover, however, has establish operations in Knowner created its own biece of UK establish operations in Europe covering research and develop-ment, manufacturing, market-

ing and service. ing and service.

Its European presence has previously been limited largely to s joint venture with TI Group, Ti-Nihon, in Washington, north-east England, close to the Nissan car plant. It is the sole supplier of exhaust systems for those cars. It also has a joint venture with TI in the Netherlands to supply the Netherlands to supply exhaust systems to the after-sales market of parts and ser-

It is understood that Calsonic is negotiating the take-over of TI Group's stake in the TI-Nihon joint venture.

Calsonic, in which Nissan holds a 33.2 per cent stake, had a consolidated turnover of Y180bn (£800m) in its last financial year. Its profitability has fallen sharply in the last two years, partly under the pressure of heavy investment, with group operating profit declining last year to Y2bn from Y3.4bn in 1987 and Y5.3bn in 1982

Kevin Done reports on one of the first Japanese components makers to establish a presence in Europe through acquisition

Llanelli Radiators was sold created its own piece of UK industrial history as it is the first purchase of a company with an employee share owner-

ship plan.

The employees controlled a quarter of the Llanelli Radiators equity, but they have accepted the takeover unanimously, taking the recommendation of the other main share. dation of the other main share-

dation of the other main shareholders, the company's
management, Rover Gronp,
and Barclays de Zoete Wedd.
The 752 shareholder employees will each receive more than
£4,450 after basic-tate tax for a
holding for which they paid
£500 some 18 months ago.
The acquisition of Lianelli
Redistants gives Calconic a

Radiators gives Calsonic a gle European market.

ready-made position in the European automotivs components market, particularly in

the UK. Rover Group is still the Lla-nelli Radiator's main customer, accounting for about 45 per cent of turnover, but the company is also a supplier to Nissan's Sunderland plant, which accounts for about 13 per cent of its sales, and to General tors Europe in the shape of Vsuxhall and Opel. Llanelli Radiators is forecast-

ing a turnover of £44m this vear and has been modestly profitable since the buy-out. It has a full-time workforce of 880 and more than 100 temporary employees producing radiators, heaters and seat frames. It has had technical links with Calsonic for several years and makes car beaters under licence from the Japa-

nese group.
It accounts for about threefifths of the original equipment car radiator market in the UK as the sole supplier to Austin Rover, Land Rover and Nissan, Vauxhall. It has a much smaller share of the car heater market, but is a supplier to Nissan – using Calsonic tech-nology – and to Land Rover and Leyland DAF vans.

small on a European scale in the face of competitors such as Valeo, Behr of West Germany, Harrison Radiator (the General Motors subsidiary), and Ford. But Mr Michael Reilly, Llanelli But Mr Michael Reilly, Lisnelli Radiators managing director, is confident that Calsonic's financial, technical and com-mercial backing can signifi-cantly strengthen the Welsh company's presence in the sin-



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### Unions call for two more 24-hr rail strikes

By Fiona Thompson

BRITAIN'S rail users face further chaos following a call yesterday by the National Union of Railwaymen for two more 24-hour strikes on British Rail. The stoppages are planned for next Wednesday, June 28 and the following

Wednesday, July 5. London will face the worst disruption as the NUR has also called out its members on Lonon Underground railway on the same two days.
Within an hour of the strike

call, British rail management asked Acas, the conciliation asked Acas, the conciliation service, to set up formal talks with the NUR.

Mr Dennis Boyd, Acas' chief conciliation officer, rang Mr Jimmy Knapp, NUR general secretary, with the invitation and Mr Knapp agreed to attend for a briefing session at 10.30 this morning. British

10.30 this morning. British Rail, led by Mr Trevor Toolan, managing director, personnel, will attend at 9.30.

will attend at 9.30.

British Rail is expected to improve its imposed 7 per cent pay award. "We are flexible, there is scope for improvement," said BR. The NUR said BR's interven

tion was the first sensible move it had made this week. We said all along we would go to Aces if an invitation was There was a possibility that talks could lead to next Wednesday's strike being

averted, but "there is a lot to do before we can reach a nego-

tiated settlement," the union The talks will take up where they abruptly last off last Fri-day when BR made its surprise announcement that it was taking the union to court to try and stop this week's strike. The High Court, followed by the Appeal Court refused to grant an injunction

sanning the action and the

Announcing the two further strikes, Mr Knapp said ths support for this week's stop-page had been "magnificent" the strength of feeling among

strike went ahead.

# Mercury to win mobile telecom licence

By Terry Dodsworth, Industrial Editor

THE DEPARTMENT of Trade and industry is to license two or three new mobile telephone companies with the aim of creating direct competition to the existing Cellnet and Vodafone car telephone groups by

about 1993. In a move which decisively changes the competitive pic-ture in mobile telephones, Lord Young, the Industry Secretary, is also intending to give one of the licences to Mercury, the sole competitor to British Telecom in conventional fixed tele-

phone networks.

Up to two further licences will be granted depending on the quality of the submissions to the DTI. "If there were two exceptional proposals we would have to consider both of them," Lord Young said.

Lord Young repeatedly

stressed his commitment to increasing the number of telephone service suppliers in Britain as a means of stimulat-

Neither Cellnst nor Vodafone, which is owned the Racal group, will be allowed to apply for the new licences, he said. Mercury, however, is to be given one of them because the company needs a mobile operation to compete more effectively with British Telecom, the majority shareholder in

Asked whether he expected the proposed new entrants to drive down prices in the car phone market, Lord Young said: You would expect prices to drop. Competition has that effect."

Lord Young's statement will create a further flurry of

excitement in the mobile telephone industry, which bas emerged as one of the fastestgrowing industrial sectors in the UK and the rest of the industrialised world during the

late 1990s. Doubts about the ability of the existing car phone compa-nies to maintain their high levels of profitability over the longer term were reflected yesterday in sharp falls in the

Racal share price.

The price of Racal Telecom, the direct parent of Vodafone, fell back by 12p to 462p, while Racal Electronics, which owns 80 per cent of Racal Telecom dropped by 19.5p to 483p. British Telecom's shares also declined by 8p to 264.5p, while Cabls and Wireless, which owns Mercury, put on 21p to 495p.

Mr Gordon Owen, managin director of Mercury, said last night that his company's entry into the mobile market "must drive down existing price

Lord Young said that the new telepoint mobile system. which is to be launched within the next few weeks, ought not to suffer from yesterday's proposals. Telepoint is a one-way system which allows users to make calls using a radio phone connecting into a few specific points in the fixed network.

Yesterday's proposals are aimed at a more sophisticated to cost subscribers more than higher radio frequencies than the existing car telephone networks - an approach that will require substantial investment in new chip technology.

## Plans for English teaching in schools receive mixed reaction

By David Thomas, Education Correspondent

PLANS to improve the teaching of English in schools were hailed yesterday as "a milestone in levering np stan-dards in our schools" by Mr Kenneth Baker, Education Sec-

But they were attacked as too vague by some educationalists and impossible to deliver because of teacher shortages

by the teaching unions.

The plans for English within the new national curriculum were published by a committee chaired by Mr Brian Cox, pro-fessor of English at Manchester University. Proposals for teach-ing English to five-seven year olds were finalised last month.

An earlier report from the
Cox committee was widely criticised for describing non-stan-dard forms of English, such as we was, he ain't done it and they never saw nobody," as "rarely more than a social irri-

tant to some people."
The Cox committes was stung by this criticism into giving a long account of the role of standard and non-standard English, grammar and linguis-tic terms in its proposals published yesterday.

It repeats its argument that standard English - grammati-cally correct English used in

### Average ability AGE 11

· Give a detailed account of an event. Read aloud expressively,

and with fluency, from a range of familiar literature.

Organise non-chronological writing in orderly ways. AGE 14

· Participate in simple presentations with some fluency.

Talk about examples of changes in use and meaning over time.

• Make some use of literary stylistic features.

public discourse - is one dialect among many, but stresses that all pupils must be able to speak and write standard English by the age of 16.

The Cox committee has also rejected any return to tradi-tional methods for teaching English grammar, but insists that grammatical competence and the use of linguistic terms should be taught in context.

Mr Baker, who criticised earlier work by the Cox committee as insufficiently precise endorsed yesterday's report as

rigorous enough. rigorous enough.

However, critics on the right of the educational spectrum stacked the report, described as "a woolly piece of nonsense trying to be all things to all men" by Dr Sheila Lawlor, the educational expert at the Cen-

she argued that by failing to lay down simple tests for reading and writing the report had negated the original intention the national curriculom, which was to give parents sim-ple benchmarks by which to

judge their children's progre Five-year-olds are due to be taught English according to Cox's recommendations this September, with eight and 12year-olds following next year

and 14-year-olds in 1992. The Department of Education and Science believes no extra resources are needed to deliver Cox's recommendations. However, Mr Doug McAvoy, general secretary designate of the National Union of Teachers, said a shortage of teachers would prevent the

English for Ages 5 to 16. NCC, 15/17 New Street, York YO1

### City 'surfeit of equity analysts'

By Philip Coggan

THERE MAY be 1,000 superfluous equity analysts in the City of London, according to the latest Extel Financial

Fifty-five per cent of fund managers polled believe that there is 50 per cent or more surplus capacity in the UK research business. There are 2,000 analysts, employed by 47 securities groups, working in

The survey also found that 43 per cent of investment managers think that the quality of research is deteriorating.

ers thought that the quality of the research produced by seven of the leading 10 firms was improving. Four-fifths of the weighted votes went to the

the weighter votes went to the top 10 firms, and 40 per cent went to the top three.

James Capel finished top of the poll for the 10th consecutive year, although the figures carry a slightly ambiguous carry a slightly ambiguous message. Capel's share of the poll increased from 15 per cent of the total weighted votes in 1988 to 17 per cent this year; but 51 per cent of fund ma ers think the quality of its research is deteriorating.

(Advertisement)

DAI-ICHI KANGYO BANK

# KB EGUNUMIG KEPUK I

### Two concerns in the buoyant Japanese economy —Trade friction and price trends—

Japan-U.S. trade friction has reached a critical point. The U.S. has become increasingly restive over the persistent trade imbalance with Japan and has ap-plied the Omnibus Trade and Competitiveness Act to force a more rapid im-

Japan-U.S. trade friction takes a tarn for the worse

On April 28, the U.S. Trade Representative (USTR) released the Foreign Trade Barrier Report for 1989. The report indicated that there are a wide range of unfair barriers in Japan, not only in the high-technology areas such as semiconductors but also in servicerelated industries which included information, communication, finance, as well as distribution. On the basis of this report, the U.S. government intensified its persoures on Japan to open these mar-lets further by applying the so-called super 301 provisions of the Omnibus Trade Act, which identifies unfair trad-

ing practices and prescribes sanctions. What lies behind such a severe attitude on the part of the U.S. is not only the fact that Japan currently accounts for the biggest share of the U.S. trade deficit (approximately 44% of the total trade deficit of \$119.7 billion in 1988) but also that the U.S. deficit to Japan is widening rather than narrowing.
According to the Japanese customs
basis, Japan's quarterly trade surplus
with the U.S. (seasonally adjusted)
bottomed out at \$10.8 billion in April-June, 1988 and has resumed its increasing trend since to record \$13.8 billion in January-March, 1989 - the largest so far (see Figure). The reason for this is that exports to the U.S. have resumed their growth while imports from the U.S. have dropped. Especially noteworthy has been the increase in exports of high-tech items such as general machinery and electrical equipment, which recorded a substantial growth race of 18.7% in January-March, 1989 on a year-to-year basis

(see Figure).
It is believed to be vital for Japan to advance the opening of the Japanese markets still further and, at the same time, to work with the European nations to dissuade the U.S. from leaning toward

an excessively protectionist tendency.

The domestic economy continues ound expansion The Japanese domestic economy contimes to expand spurred by growing

personal consumption and capital in-

Monthly economic activity from Pebruary to April indicated some fluctua-tions caused by the late Emperor's fun-eral and the recently enacted tax re-forms. For example, industrial produc-tion decreased by 1.8% in February and

2.6% in April from the previous month, while it increased by 5.4% in March.
Looking shead, however, it is expected that the economic expansion will be sustained particularly by personal consumption and capital investo

Personal consumption is likely to con-tinue its firm growth, although there has been the unfavorable factor of price increases stemming from the new con-sumption tax. The causes for the expected growth in personal consumption are:(1) disposable income is expected to increase steadily as a result of the salary raises achieved through the spring labor negotiations (from a 4.43% increase in 1988 to an increase at the 5% level in 1989) added to the effects of income tax reductions; and (2) an increase in lei-sure-related expenditures and housing improvements can be anticipated as the five-day working week becomes more

widely adopted.

There is also a strong likelihood of capital investment retaining its solid growth. According to the March survey of corporate enterprise trends con-ducted by the Economic Planning Agency, corporate interest in capital investment remains strong as evidenced by increases in their projected capital investment compared with the preceding quarter of 5.0% in January-March (estimated result), 5.6% in April-June, and 6.3% in July-September.

Growing concern for rising prices
Price trends are a major cause for concern, as the economy continues to expand steadily. April domestic wholesale prices rose L8% over the previous month (an increase of 2.2% on a year-to-year basis) and consumer prices

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Japan - U.S. Trade Imbalance Resumes a Widening Trend Exports to the U.S. (\$ billion) **- 1967** -

in Tokyo (excluding perishable food-stuffe) increased 1.5% over the previous month affected by the initiation of the consumption tax. Both increases represent a substantial rate of rise. A price rise in services, including dining-out, was especially conspicuous in consum-

Note: 1. Bar graph represents senagnery adjusted figures.

Although the price rise that accompanied the initiation of the consumption tax is considered temporary and it is

unlikely that prices will rise at the same

pace as recently, future prices must be

carefully monitored. The reasons behind

pace of wage hikes is expected in future, reflecting the tightening labor situation and the outcome of the spring labor negotiations; and (2) there is a general tendency that supply situations will be tightened in domestic products and mer-chandise; and (3) import costs are rising due to the weak yen and the rise in crude

In the event inflationary pres should build up further, it will become necessary to adjust the page of economic expansion as well as to induce the yen to appreciate on the exchange mar-ket by tightening credit. this heightened concern are: (1) a faster

> Talk it over with DKB. The international bank that listens



The next DKB mouthly report will appear July 21.

n ominous warning for European Community investment in research and development was sounded when its own Joint Research Centre - with laboratories in Italy, Belgium and The Netherlands - started to market itself to industry. Far from there being a rush of business from European companies, the

centre's first customer was Japanese.

The sense of unease created by this European apathy is unequivocally expressed by Harry Beckers, the extro-vert Dutchman who has been top scien-tist at Royal Dutch/Shell for the past 11 years. Beckers leaves no one in any doubt that he is unhappy about the way European R&D is shaping up to meet the challenge of the single market in 1992. He says that Europe is simply not taking it as seriously as its trading rivals. Japan and the US. It still needs to define its goals for the long-term support of R&D.

As co-ordinator of Shell's R&D. Beckers commands a team of 4,500 with laboratories in Britain, Belginm, France, West Germany and The Netherlands. For nearly five years he has also been chairman of IRDAC, the Industrial R&D Advisory Committee of the European

IRDAC, says Beckers, represents the "consumers" – big and small – in European R&D. More than 400 research managers have participated in the committee's deliberations and it has made the following recommendations:

© Europe must strengthen its R&D base, with good networking to cope with the multi-disciplinary demands. O It must show greater flexibility in training its workforce to cope with the shortages of specialists that are already looming, and be prepared to increase

the retirement age in some cases.

O it must pay greater heed to harness. ing existing technology for the benefit of the smaller company. It must harmonise its technical standards, regulations and product approval

@ It must co-ordinate national R&D efforts and try to avoid duplication.
Beckers believes that European R&D programmes, such as Esprit (electronics) and Brite (basic research in indus-

# Why R&D muscle must be toned up

David Fishlock finds out what research managers want from EC-funded programmes

trial technologies) are aimed at big companies. He says IRDAC has tried hard to discover what the EC should do to help smaller concerns.

A Danish civil servant puts the issue bluntly: "Not all small companies want to be big." He developed this theme at a recent discussion organised by the European Industrial Research Management Association (EIRMA) in Brussels. Europe's charm lay in its diversity, he said. From the standpoint of a small country like Denmark, with little public support for either industry or R&D, the main challenge facing the Community was to maintain that diversity.

He onoted a Danish company execu-tive who said that before Esprit he had about 50 people he could consult on R&D issnes; through Esprit, he had a catchment of about 2,000.

Britain, on the other hand, sees support for R&D as part of a "virtuous circle" that will strengthen European companies, making them more produc-tive, more profitable and hence able to fund bigger R&D programmes of their own. For example, the European air-craft and aero-engine industry is expected to get stronger over the next decade

and to need less financial support.

Ron Coleman, chief engineer and scientist at the Department of Trade and Industry (DTI), believes that the interest shown by the Japanese in European laboratories and universities should be matched by European companies. He cites Britain's new interdisciplinary research centres, based at universities, as potentially attractive partners for European companies. The latest, backed by £31m of Government funding, are in polymer science, process simulation,

integration and control, and optical and laser-related science and technology. Getting the climate right for Euro-

pean industry to compete with Japan and the US is the main role for government, as Coleman sees it, Maintaining the science base is an important part of this, he says, because science is an international activity. He estimates that two-thirds of the DTTs budget of about £1bn is devoted to encouraging collaboration, and half of that goes into inter-national collaboration.

Jean-Paul Causse, joint general manager of St Gobain, the French glass-making group, sees R&D as a weapon fundamental to the progress of a European company in the 1990s. The single market gives Europe the chance of creating truly European companies.

creating truly European companies.
"There are none today," he says.
But the focus on "bigger is better" is what worries Beckers; and nowhere more than in electronics, where the EC has just announced its support for the ambitious Joint European Sub-micron Silicon Intitative (Jessi). It is planning to plough almost Ecu 1bn (2680m) into this Ecu 4bn Eureka venture over the next eight years. The aim is to provide the European semiconductor industry with sub-micron-scale manufacturing technology for chips, in a form that can be adapted to individual company

requirements.

The "test vehicle" of the programme is to be the 64-megabit D-Ram (dynamic random access memory) chip. The target is to have it in production by 1995, with all the technology available throughout Europe.

Jessi won EC approval at a confer-ence of ministers, from the 18 nations

Harry Seckers, head of Shell's R&D

involved in the Eureka research programme, in Vienna this week. Pasquali Pistorio, president of SGS-Thomson Micro-electronics, an eloquent propo-nent of government support for advanced micro-electronics, says that "to slow down now is to fail." He sees the 4bn Ecu as "marginal" compared with the investment already made in

European electronics.

Beckers has a different perspective. He can see no end to this kind of investment in electronics. It will simply com-pel Japan and the US to redouble their own efforts to stay ahead. No one can see a fundamental limit to the microminiatorisation of electronic circuits until the scientists reach molecular dimensions - a long way off yet.

He says that support for micro-minia-turised electronics is different from that for pre-competitive R&D in other technologies. It should be treated more like traditional EC support for such industries as steel and coal, that is, as an industry on which the sun will surely set if the taxpayer does not continue to subsidise it heavily.

a flexible wing rather like a

sycamore leaf and a paravane.

Thorn EMI declined to dis-

cuss its proposals.

The result of the British

### Making diamond from gas

A METHOD of depositing true diamond films on to small engineering surfaces has been developed by Plikington Electro-Optic Materials, of Dumbarton in Scotland.

Pilkington says that although diamond-like coatings have been available for some years, they have always exhibited qualities between those of true diamond and graphite. True micro-crystalline diamond surfaces have an abrasion resistance that is two to five times greater. Since there is less strain in the final film, It can be made thicker and

self-supporting. Some previous methods of producing diamond artificially involved very high pressures and temperatures. or even controlled explor mimicking the conditions that give rise to natural diamond. The method used by Pikington is for industrial contings rather than gem stones. Diamond is formed by the breakdown of carbon-containing gases in a plasma (the ionised gas in an electrical discharge or

diamond, but without the use of enclosures at very high temperatures at very high temperatures and pressures. Pilkington is interested in exploring partnerships to develop commercial applications in the areas cuiting tools, wear resistant components in valves, and medical and scientific equipment.

spark). In this way, the

necessary energy is imparted to the carbon to turn it into

### A brush up for steel finishing

HOTANI, of Japan, is making tvaliable in Europe a new roller brush that finishes the surface of steel sheet. It will be marketed in the UK by

Dendix, of Chepstow.

The brushes have bristles which consist of a Nylon 6 filement in which abrasive grit has been incorporated at the extrusion stage. The bristies are wrapped in a nylon sheath end arranged radially, with the critted nylon ends exposed, to form a disc brush with a central hole.

Many discs are threaded on to a shaft and compressed to give a high-density roller brush. Dismeters of up to 500 mm and lengths of nearly 2 metres can be provided. The rollers can weigh up

Chris Partridge to 1.25 tonnes, but the trueness of the spin enables

### surface finishes between two and six microns (millionths of a metre) to be produced. They are water cooled and the internal snape allows good heat removal. Het rolling of stee! produces scale which is removed by pickling (acid

treatment), leaving a rough surface which is normally improved by shot biasting. The Hotani process produces a combination of grinding and breshing which can be carried out

can by carried our pickling.
Less processing is involved and manufacturing costs can be reduced. British Steel's Shotton plant will be among the first European users.

### A record of air hazards

WALTON Radar Systems, of Fernborough in the UK, is aiming to export a radar recording system which can quickly provide information to civil aviation organisations. after a near miss between aircraft, or similar incident

With increasing levels of air traffic, the domand for such systems is likely to grow, although they are not yet mandatory. Walton has an initial order from the UK's Civil Aviation Authority for the London flight information

region.
The tape recording system The tape recording systems operating in the UK are now 10 years old and use open rest recording. Walton's new tindsight system is able to store the data from 20 radar stations over 24 hours on a single high-density, digital 8 mm cassatte tape. It can also use hard disks, which resides a part of the state of the stat allow rapid search and replay after an incident.

### Optical storage for PCs

IDEAL Hardware, of Surbiton in the UK, is launching an erasable optical disk storage system which can be plugged into any personal computer that uses the MS-Dos or OS/ 2 operating systems. Made by AGA of New York,

the system can also be used on a shared basis in networks, it allows users to store, retrieve, modify or dejete data on a 650 megabyte rewritable disk (a megabyte is 1m characters). Known as the DR650 Discus, the unit allows large amounts of data normally held on mainframe stores to be downloaded to the 5.25



### WORTH WATCHING

Edited by **Geoffrey Charlish** 

in disk for local access and in disk in disk in disk in disk in Simple interchange of data with the PC's existing hard or floppy disks is catered for. The unit costs £6,595.

### **Automatic alarm** for buildings

PREMISES can be protected against anything from theft to equipment failure with a telephone-based alarm system, called Phoneback, rom IQD of Crewkerne,

Somerset, in the UK. The system automatically reports alarms from sensors and transmits measureme from process equipment to a remote location. The equipment can be controlled

remotely via a phone line of radio link. When used as part of en intruder alarm system, Phoneback will call five numbers in sequence, raising the alarm with a synthesised speech message. If there is no response from the first number, the system will work its way through the other four until contact is made.

Equipment central instructions from a remote point can be sent over a chops line using the tone signals from a press-button handset. A computerised dielogue is set up and the caller is able to press the numerical buttons to send control data to the equipme having first heard synthesised speech versions of the readings at that moment

A typical application is the nonitoring of refrigerators in bulk food stores.

CONTACTS: Pilkington: UK, 0389 58021. Dendir: UK, 0291 525181, Wal-ton Radar; UK, 0252 549657, Ideal Hardware: London, 390 1211. KiO: UK, 0460 77155.

### A Siren that can lure an Exocet missile away from its target

ince the Falklands War, defence firms have been developing antidotes to the most feared weapon the Navy had to face in the South Atlantic: the Exocet.

One of the most promising lines of research is into a decoy designed to be fired over the ship's stern. Dangling from a parachute, the offboard active decoy" transmits powerful jamming signals towards the incoming missile's homing device, "seducing" it away device, "sedu from the ship.

Three companies are bidding to go on to the £300m project development stage. They are

(named after the Greek spirits who lured seamen on to the rocks with their singing) transmits a powerful radio signal mimicking the ship's main radar, which missiles are designed to home in on.

The device is fired from the

credit insurance

the West German economy

GEC Marconi, Racal (leading a consortium with British Aero-space and SD Scicon) and

Thorn EMI Electronics.

Marconi is in the lead with a fully developed system called Siren, built with the Admiralty Research Establishment. Siren

single Europe, its future potential for absorbing British goods and services is enormous.

legal aspects of trading with West Germany the role of specialist financing techniques

the latest trends in trade and project finance.

standard Sea Gnat chaff dispenser, fitted on most UK and US warships to fire clouds of

aluminium strips around the ship to confuse missiles. A small computer is installed in the control system to load the Siren decoy with information about the incoming threat.

The computer also calculates the best angle of fire. All the officer in command has to do is press the button.

On firing, a rocket carries the decoy into position about 150 metres from the ship, when a parachute opens. The decoy has a sophisticated mechanism for pointing the transmitter towards the missile and airaing a pencil radio beam at it.

Power is provided by an ect development.

Racal's proposals are believed to be broadly similar to Marconi's, except that BAe is offering a selection of devices to keep the decoy airborne, including a hang glider,

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expendable travelling wave tube amplifier (TWT). Both STC and EEV, the GEC subsidiary, have developed relatively cheap, expendable TWTs that will operate for the five min-

utes necessary.

Siren grew ont of a feasibility study for the Royal Navy, but the MoD's new procurement policies dictate a competition. tition for the next phase, project development.

competition to develop the off-board active decoy should be announced in the autumn. But the losers will not have lost all.

The Navy will need thousands of rounds when the system is deployed in the late 1990s, and the MoD's procurement rules stipulate competitive tendering for production contracts. At £50,000 to £100,000 a time, that will be good business.

### AFRICAN AND EUROPEAN INVESTMENT --- ... (Incorporated to the Republic of South Africa) Registration No. 01/02154/06

NOTICE TO HOLDERS OF PREFERENCE STOCK WARRANTS TO BEARER PAYMENT OF COUPON NO. 83

en to the declaration of dividend on 8th June 1989, the following just withe guidence of holders of stock warrants to bearer.

The dividend of 3 cents per unit of stock was deduced in South African engrousy. South African ten-resident shareholders' and at 0.45 cents per unit of stock will be deducted from the dividend payable in respect of all stock warrant coupons having a net dividend of 2.55 cents per unit of stock.

The dividend on bearer stock will be paid on or after 15th August 1989 against st compon no. 83 deteched from the stock warrants to bearer as under:

(a) At the office of the following continental paying agent

(b) At the Scourities Department of Hill Sansuci Bank Limited, 45 Beach Sur ECZP 21.X. Unless persons depositing component such office request pays to an address in the Republic of South Africa, payment will be under Kingdom currency cittee;

(ii) in respect of coupons lodged after 8th August 1989 at the prevailing rate of each the day the proceeds are remitted, through an authorised dealer in end Johnnachurg to the Scounties Department of Hill Support Bunk Limited.

United Kingdom income an will be deducted from payments to any pursue in the Unit Kingdom in respect of compans deposited at the Securities Department of Hill Saguest Ba Lisuided, unless such companions are accompaniond by Inland Reversus son-resident declaration forms. Where such deduction is made, the act smooth of the dividence of the United Kingdom currency equivalent of 2.25 cours per such of stock in topos sub-paragraph (b) above strived at as follows:

South Aldena Currency Crass per Unit of Sects.
3.00
0.45
2.35
0.30
2.25
For and on behal F SOUTH AFRICA LIMIT Landon Secreta C A Ultitude

The Company has been requested by the Commissioners of Inland Revenue to state.

Under the double ten agreement between the United Ringdom and the Republic of Sout
Africa, the South African non-resident shatebodders' tex applicable to the dividend
allowable as a credit against the United Kingdom tex payable in respect of the dividence
The deduction of tex at the reduced rate of 10% instead of at the basic rate of 259

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PER ASS,000 NOTE: AS226.63 BANK OF TORYO AUSTRALIA LIMITED

PER AS10,000 NOTE: A\$453.25

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i of 681,50 conts per whore. Idend on boeror wherest will be poid on or after 8th August, 1989 aga Ir of Coupon No. 160 detecting from shura warraints to boarer as undor:—

laposs of the process of the psychologists of the process of the process of the psychologists of the psychologists

Kingdom currency either:

(I) in respect of coupons lodged on or prior to 1st August. 1983, at the United Kingdom currency equivalent of the rand currency value of their dividend on 3rd July, 1989; or

(ii) In respect of coupons lodged after 1st August, 1983, at the prevailing rate of exchange on the day the proceeds are remitted, through an authorised dealer in exchange in Johannesburg to the Securities Department of Hill Semitel Bank

100.000

86.500

11,500

75,000

Less: U.R. Income tex at 11.50% of the gross amount of the

ANGLO AMERICAN CORPORATION OF SOUTH AFFICA LIMITED London Secretaries, G. A. Wilkerson

**DeBeers** 

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### THE PROPERTY MARKET

# Taking the longer view

Paul Cheeseright looks at foreign confidence in London property

he investment market faces a test. With the disclosure that Standard Chartered Bank is selling its head office complex at 38 Bishopsgate in the City of London, it is becoming arent just how serious foreign investors are about central London property.
Foreign investors have been

underpinning the City invest-ment market and domestic institutions have been relatively reserved about new pur-chases. Indeed, the UK institutions have had the opportunity to unload some of their hold-ings. But 38 Bishopsgate, mod-ern in front, refurbished early 20th century buildings behind, with 200,000 sq ft of space, is the sort of complex that only the largest investor, foreign or domestic, can contemplate buy-

With a value of over £200m it is a large morsel to swallow. Its sale at this price would make it one of the biggest sin-gle property transactions in Britain. Mountleigh sold Beau-fort House in the City to Norwich Union last year for £200m and, in the biggest transaction involving foreign interests. Manufacturers Hanover Corporation sold the Adelphi building in the West End of London to Gefica Industries, a Middle Eastern investment company,

in central London has been building up gradually, as the accompanying chart shows. And, this year, the pace appears to have quickened. In recent weeks, for example,

Skandia Life Insurance of Sweden has paid City Site Estates £25.5m for three West End properties, Control Securities has sold a West End property to a Hong Kong trust for £22m, Sumitomo Life has paid Electricity Supply Nominees more than £30m for a building in the heart of the City. What is apparent is that

both foreign investors and developers have greater confidence in the City, as opposed to the West End market, than many of their British counterparts. The British reservation is encapsulated in the graph: the amount of space becoming available could bring rental growth down to a modest rate.

Over the medium-term the situation may be different given economic growth and the consolidation of London's posi-tion as the main financial cen-

tre in Europe.

But just as British developers were not interested in Bracken House at the price Ohbayashi paid - £143m to Pearson - in 1987, so they tend to shudder at the 282m which Land Equity Group of Australia is paying to Eagle Star to build 55,000 sq ft of

On the institutional side, it is clear that Japanese property companies and institutions are prepared to take a longer view than British institutions. Partly, of course, this is because in Japanese eyes, Lon-don properties look relatively cheap compared with those in Tokyo, although not necessar-ily with those in the US, which has attracted the bulk of Japanese property investment. In any case, many British institutions have stepped up their property trading at the expense

But it is not clear whether Scandinavian investors take a similar long-term view. They have not been in the market long enough. But the Scandinavians share the Japanese desire to diversify assets and to establish a presence in the EC as internal trade barriers drop. In addition, both appear to be more comfortable in the British market than elsewhere in Europe - hence more of their investment has arrived in Lon-

of their longer-term invest-

don than in other capitals. By general agreement, the Japanese and Scandinavian investors are the most active on the market - the former interested largely in core City properties, the latter more catholic in choice. But there are others. There have been

offices opposite the Bank of some high profile Australian deals, some evidence of Hong deals, some evidence of Hong Kong Chinese interest, some patchy buying from Middle East funds and Venezuelan purchases like that of Pater-

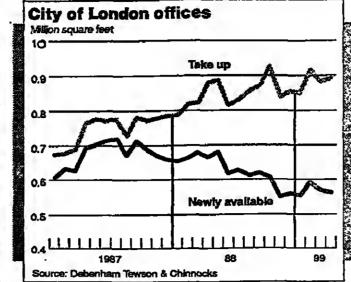
noster Square by Organization Diego Cisneros. The effect of this activity, plus what Healey & Baker, chartered surveyors, terms market evidence that more than 10m sq ft could poteutially be occupied by tenants with identified requirements for new premises," has been to hold yields down.

"Although the prime yield "Although the prime yield

for office investment in central London remains at 5 per cent, recent trading suggests that for some buildings, a lower yield might be obtainable."
Healey & Baker suggests.

The effect of the requirement for new premises will diminish as more and more buildings move into the supply pipeline. If that is the case, then the role of foreign buyers in underpinning the investment market in the City will assume greater

Barclays de Zoete Wedd, the City securities house, has already shown that some types of foreign investment can be transitory - noting the spec-tacular Japanese development acquisitions in the City during 1987 and the dearth since then. While there are no grounds for thinking that current pur-



ticularly tha US - suggests

power of the City in world financial markets. It has coin-

cided with sustained tenant

What is not clear is the pos-

acquisitions."

chases ara other than long-term investments, argues BZW, "the pattern of invest-ment in other markets - parsible effect on this investment of a downturn in the economy and a subsequent easing of damand pressures either because the demand itself that Japanese investors, hav-ing established a position in the market with a full price' acquisition linked perhaps to slackens or because there is more space to meet it.
One significant fact about the sale of 38 Bishopsgate is

that it comes when market business interests in Japan, do sentiment has shifted to a not necessarily expect to comslightly more bearish tack. It is of especial interest not only pete so fiercely for future Although there has been forbecause it is a standing investeign investment in the London market for decades, the latest wave has gathered force partly in response to the growth of the British economy and to the

Excluding owner occupier deals ment but also because there is planning permission for rede-velopment of part of the complex, adding another 56,000 sq ft of office space.

86

Purchasers:

UK property companies

UK institutions

**Overseas** 

Other

The point is that foreign The point is that foreign investors may prove reluctant to pay higher prices when domestic sentiment and demand patterns point to a lower level, and when the prospects of increases in capital value may be delayed. A more sluggish market would tend to

lower the ectry fee and elimi-nate the difference which has opened up between the prices foreign interests are prepared to pay and those acceptable to British buyers. Notwithstanding the

Source: Richard Ellis

long-term nature of some of the foreign investment capital is footloose and will tend to gravitate towards the areas of highest and most stable returns. That does not always have to be London.

	Pa	36000	value grow	th (%)	
	Retail		Office	Industrial	All Property
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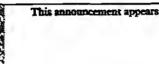
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The British have re-discovered water, both inland and on the coast, as a valuable focus for

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residential and office activities.

Paul Cheeseright reports.

# Phenomenon of the decade

DOUBTS about the immediate future of the economy cast a shadow over the short-term prospects for a movement that this decade, has been one of the most striking phenomena in the property industry. In waterfront developments, whether or not based round a

marina, key elements of property industry activity come together – housing, retail facilities, leisure, offices. Industrial premises, for the most part, tend to be pushed further back from the water. The first three of these key

elements have in common a dependence on the disposable income of individuals. The fourth depends, naturally, on the commercial climate at any given time. It is, of course, precisely the disposition of this disposable income that the Government with its policy of higher interest rates has been trying to bring under control. To that extent, waterfront

developments are right in the firing line of Mr Nigel Lawson, the Chancellor of the Exchequer. Few sectors of the residential property market have responded to the group with same economy with the same panache as that based on waterfront developments: price rises of up to 70 per cent in a year on marina houses along

flats at Albert Dock, Liverpool, all taken up in 24 hours. slowing generally and the higher cost of money affects waterfront developments as well as any other. This comes, when the retail industry has been under pressure: some of the multiples have seen their profit margins crumbling, independents have been coming to terms with a higher cost structure. And leisure activities are dependent in any case on the amount of money people have in their pocket.

The combination of these

factors is likely to cause problems for the myriad new waterfront developments under con-struction or planned. If there was one lesson from the experi-ence of the Brighton marina in the 1970s and its subsequent takeover in the 1980s by Brent Walker, it is that marinas of themselves are not necessarily very exciting business. They only become so when the water element is used as a focal point for the whole range of property

In the US, the general experi-ence was that if a place was created for people to moor a boat, then the boats would appear. The affluent society needed somewhere to put its



# MARINA AND WATERFRONT DEVELOPMENT

toys. Building on that experi-ence, watching the steady rise in incomes and the thirst of for new surroundings and new forms of leisure, has meant that hardly a corner of the country is now without its marina or its plans for one. So the whole movement is a

reflection of growing standards of living and a pressure for an improvement in the living and working environment. Water, which had been ignored in so many cities and towns, has become a saleable asset in the wider process of regenerating the national property stock. Whole areas closed off because of commercial activity have

been opened up.
Further, the spread of waterfront developments is additional evidence of the way in
which the economy itself is changing. The developments

are another manifestation of the growth of the services economy. Their retail element is part of a general expansion throughout Britain of shopping facilities. They replace the industrial and transport activi-ties which previously had been dependent on access to the sea or to the canals and which now have withered or moved.

have withered or moved.

But the speed of this replacement is the speed of the economy. The willingness to invest is a totem of industry confidence in the economy. Arguably, this confidence is alackening. Returns from commercial property have started to come off the top and the south-eastern housing market especially has alowed down—witness the flurry of brying witness the flurry of bnying incentives for residential devel-opments in London Docklands where the amount of building

outpaced the movement of the

economy.

This would suggest that for the next year or two waterfront developers locked into existing schemes are likely to have a more difficult time. Reduced cashflow from residential sales used to help the funding of the commercial part of a development could be pinched. But it does not suggest that the whole process of the commercial is the comment in the comment is the comment of the comment is the comment of the comment in the comment in the comment is the comment of the comment in the comment in the comment in the comment is the comment of the comment in the comment in the comment in the comment is the comment in the commen

waterfront development is likely to grind to a halt.
For one thing, the process is deeply rooted in the wider changes taking place in the economy and those changes will continue at varying speeds regardless of short-term movements on interests. Second, the more ambitious waterfront developments are designed to come to fruition perhaps two or three years from now, by

which time another phase of the economy will probably have started. Higher interest rates may be an irritant, but they are not likely to be decisive for larger companies.

Certainly, the fate of marina and interest property are not likely to be decisive for larger companies.

and waterfront property will mirror that of the industry at large. Water may be an addi-tional attraction, a factor in pushing up adjacent land prices, but it will not of itself creets an environment impercreate an environment imper vious to the trends outside.

Although it is true that mari-nas on the south coast attract customers to moor and shop and stay from as far away as the Midlands, more generally marina property performance reflects that of the region in which it is situated.

Notwithstanding that marimas on the south coast generally provide a better base for sailing than those on the east and west coasts, their more rapid and prosperous develop-ment is a function of the fact

that this area is where the

most striking property performance has been anyway. The surge in property values that has been particularly apparent since 1986 started in the south and then spread northwards. Thus London Docklands, with its mixture of offices and residences built on the framework of once derelict wharves has been much more successful in drawing in pri-

vate capital than Merseyside. It is noticeable that the waterfront developments planned for cities like Newcastle or Cardiff have coincided with a rise in the property val-ues in the north-east and Wales that has come later than that in the south-east. It is also

noticeable that, in cities where the nature of industry has either radically changed or simply disappeared, waterfront projects have been seen not as a consequence of greater eco-nomic growth but as a possible catalyst for it. Hull and Shef-

field are cases in point. This points up the role of waterfront development in the overall process of urban regeneration which recognises that the presence of water - suitably cleaned up - creates the basic agreeable environment for the siting of new offices. Hence the plans for new com-mercial complexes around the canals of Birmingham Heartlands or the creation of a new office centre for Manchester alougside the canals of Salford.

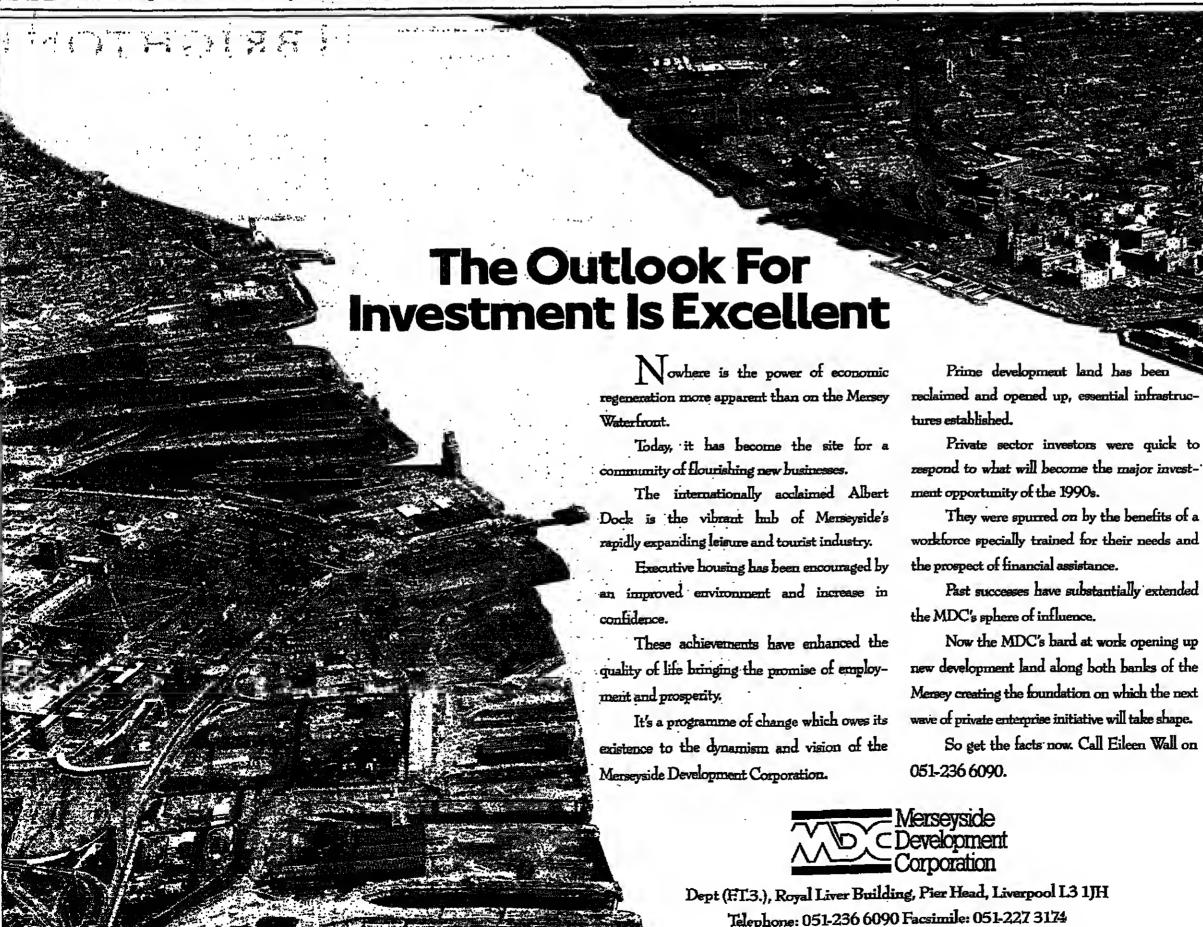
But the need for new offices in the regions is, of course, a result of economic expansion, in just the same way as in London it is the result of espe-cially, the expansion of the financial community. If the expansion slows then no amount of water or lengths of riverside walkways will hasten the regeneration and its water-front developments.

It is at least partly the uncer-tainty about future economic expansion that has led the Government to put in place a battery of incentives, in the form of grants and tax concessions, to hasten the conversion of derelict waterfronts. Some developments, especially in the Midlands and north can still not be justified without an injection of official finance.
But the finances of water-

front schemes can be trans-formed if the land is in the books of the developing com-pany at a low or nominal price. Thus the growth of interest in coast property has provided Associated British Ports with a wealth of commercial opportunities which it has been exploiting to the extent that property is just as important to

its finances as port operations.
Similarly, the land holdings
of the Manchester Ship Canal
Company provide it with a series of property opportunities of which it is now beginning to take advantage. The possibility of retail developments has evoked market interest in Mer-sey Docks and Harbour Board. At the same time, the fashion for water has given a financial fillip to the state-owned British Waterways Board and the state-controlled Crown Estate.

The big landowners will be able to sit out any hiccup in a market which has had in parts of the south the appearance of boiling over and which, else-where, may have been approaching a peak. The danger is that some schemes may have been designed in more expensive terms than the local markets can bear in the short term. But the longer term



# Greening away rubbish dumps of the past

THE death or departure of Victorian industry and com-merce left in many British cities a forlorn and unwanted landscape of crumbling warehouses, dirty waterways and bleak waterfronts.

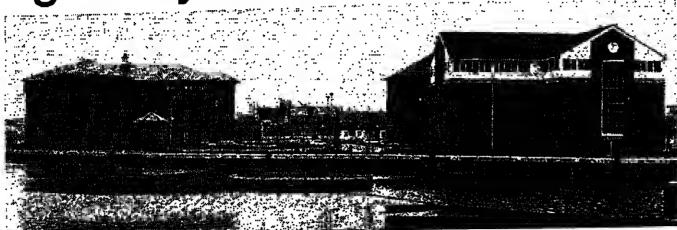
The wasting of urban areas continued into the early 1980s as latter-day recessions led to the slimming down of traditional industries such as steel, the near extinction of others like shipbuilding. Changes in the pattern of overseas trade created new ports, left old ones

Fortuitously mnch of the urban dereliction in the UK has been around inland water ways or along the coast. What has been bappening in these centres has been both a cleaning up of the past - a greening, to use the current jargon - and a movement into new forms of commercial activity. All of a sudden, the water is not a handy rubbish dump or a conduit for goods but an exploitable toy in development.

Yet this activity has been uneven and in some places it has hardly begun. But there are at least four themes which run through the different geographical areas and their vaterfront developments.

The first relates to investment. The property investing institutions have for the most part eschewed this sort of renewal project as too risky. Even in London Docklands there has been only tiny institutional interest. Nor have the very largest property invest-ment companies rushed into this sector. There bave, of course, been exceptions: Guardian Royal Exchange is involved in London Docklands and Land Securities bas a waterfront shopping project at

But the greater part of the activity has taken place either through property development companies using extensive bank financing and established

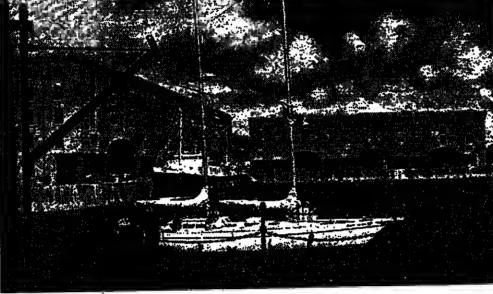


Salford Quays, Great Manchester: the council bought land and establis iding for privite Liverpool (right): Arguably the most striking treatment of the rehabilitation of old

lines of credit or through companies already with extensive land holdings on waterfront

The second springs out of this state of affairs. It is that the degree of enthusiasm for the regeneration projects has tended to reflect the general thrust of the property industry. That is, the current surge of industry activity started in London and the south-east and then spread outwards as developers scented the possibility of higher returns in a growing

Hence much more has been done to clean up the dock areas on both sides of the Thames, or at Southampton, than has been achieved, for example, in Glasgow, Cardiff, Newcastle, or, inland, Man-chester and Birmingham with



their network of canals. But, given the discovery that peopla actually like to be by water, it is the waterfront sites in all of these places which are considered prime for development. In other words, the waterfront areas are a sort of spearhead of local regeneration.

A third theme springs out of the confluence of a relatively narrow base of investment funds and the desire of developers to achieve adequate margins on their ventures. The property values which may be achieved by the development of land outside the south-east have frequently not been high to make private sector funding a dependable source.

Certainly the ingenuity put

into the financial engineering which has made possible some major City of London office schemes does not seem to have been applied on, say, the Liverpool waterfront. This, then, has led to the

necessity of some state fund-ing, channelled through urban development corporations, increasingly through City Grant, so that local authorities are bypassed, and through a battery of other concessions. At least one reason why parts of London Docklands have drawn in companies has been the existence of an enterprise zone with 100 per cent capital allowances and a rate-free holi-

The Government's favoured method of promoting regenera-tion has been through urban development corporations with their sweeping and sometimes fast-track planning powers and some funding for land assem-bly and the provision of infrastructure.

The existence of these corporations, allied to the natural local interest of local authorities in the regeneration of their own areas, can itself lead to a rise in land values before very much has happened in the way of regeneration. It was noticeable, for instance, that site prices started rising in Cardiff as soon as an urban development corporation was set up. They have probably doubled in the last 18 months.

The role of these public authorities points to the fourth theme. It is the existence of public-private sector co-operation on many waterfront develcoment schemes. The corpora tions are providing land, an ease of planning and an infra-structure for development, as Development Corporation at

their projects and finance.

Thus the Albert Dock scheme in Liverpool, arguably the most striking treatment in the region of the rehabilitation of old warehouses, is a joint venture between the Merseyside Development Corporation and Arrowcroft. Again, the Quayside project on 3,300 feet of river frontage at Newcastle is a joint venture between Shearwater Property and Stan-ley Miller in partnership with the Tyne & Wear Development

But the private-public sector co-operation goes further. Although the Government has tended to sidestep local authorities where it can, the latter have played a signal part in

some area It is doubtful whether the rehabilitation of Salford Quays, with its offices, homes and hotel would have taken place if the local council had not bought land and then established a mechanism to obtain funding for private sector developers. Similarly, the Donglas-Tarmac-Wimpay-

Fortuitously much of the urban dereliction has been around inland waterways or along the coast

Bryant joint venture, Water-links, in Birmingham Heartlands, is based on co-operation tha Birmingham City with

Further, the links between the public and private sector are strengthened by the fact that it is often public sector agencies which possess the land. As these agencies are themselves under pressure to maximise their returns, they have to turn to the private sector for joint ventures where they put in the land as their equity share and the property company undertakes the finance and development.

The most striking example of this is the British Waterways Board at, for example, Shef-field, the Limehouse Basin in London Docklands and pre-eminently at Paddington Basin in West London where a rundown area of utter indistinction is to be the subject of a joint ven-

ture with Trafalgar House.

Equally, the Crown Estate, owner of more than half the British foreshore, is becoming jects which will result in development projects at Portsmouth and Gosport and is co-operating with the greening of land on Teesside.

# BRITISH WATERWAYS BOARD

# Sleepy image discarded

DEEP in the heart of Europe's largest urban regeneration projects is the quiet influence of one of its least-known develop-ers. The British Waterways Board is probably dismissed by most people as the sleepy trustee of clogged canals and crumbling warehouses rather than as a mover and shaker in the property world. But the

image is no longer accurate. The Regent's Canal passes through the centre of the £2bn King's Cross redavelopment zone. Ten years ago it would probably have been filled or truncated to create more land: today it is planned to play an important role in creating a waterfront ambience for part of the scheme. And a newly-ag-gressive BWB will play a key part in deciding how its asset will be used - and reap a slice of the windfall profits.

King's Cross is no flash in the pan. Paddington Basin might be dwarfed by King's Cross but its proposed £350m renaissance still ranks as one of the country's largest mixed development schemes. The BWB is even more of a force chose Trafalgar House as lead developer and negotiated a substantial slug of the projected income from somethic like 450 homes, 250,000 sq ft of offices and a mix of other uses focused on the Grand Union

This emergence of the board as a major force in urban rede-velopment partly reflects the discovery that its assets were not some declining relic but a potent force in land-hungry Britain, Just like British Rail, it is exploiting once-forgotten backwaters in town centres to help defray the costs of maintaining its main service

The other important factor has been a revitalised attitude to management under Mr David Ingham, its new chair-man, Individual regions must draw up plans for exploiting their waterways and chase development opportunities. The aim is to slash government grants, which amounted to £45m last year, by creating a strong source of income

With 4,000 miles of canal banks to call on and developers scrambling for waterside views, the prospects appear promising. But things are not hat clear-cut. The BWB does not own large swathes of land along its canals in the same way that BR commands the corridors of its lines. The board may also have to grit its teeth and reject schemes to prevent development ribboning along banks and destroying the natu-ral element it seeks to protect. But it is keen to attract land-

owner partners in the right places and has some remarkably powerful weapons if builders decide to go their own way. Bridging a canal, tidying up the bank, or even running in drains require the board's permission. It will not give that without a slice of the profit, which can suddenly present a builder with a nasty extra site cost. This is why BWB survey. ors try to ensure they are

brought in early.
That proved no problem in the BWB's first leisure-based joint venture with the private sector, a 265m mixed development with the Erostin Group in Milton Keynes. This is a new town with the remarkable claim to 50 per cent more waterfront than Jersey because of its canals and lakes. And its development corporation maintains tight control.

Old-town planners are even more strict with their precious Milton Keynes has

50 per cent more waterfront than Jersey

sets. Canal basins lay quietly slambering for decades in cities such as Sheffield, Coventry. Birmlngbam Gloucester until the board rediscovered these potential treasure boxes. An urban grant here, a private sector pariner there and they were set for rebirth as fashionably leisure-based commercial or residen-

However, many took an age of negotiations to get off the ground. They were smothered in historic buildings, which planners insisted on retaining even though they could be an economic night mare. Gloucester Docks had 23, but with the help of Pearce Devel-opments, the board made the figures stack up and produced more than 250,000 sq ft of com-

mercial space. Perhaps it helped that Pearce is part of the Crest Nicholson group, with a marina arm through Camper & Nicholson. Now Crest is hoping to do a similar job on Bretford Docks, another potential star turn for the BWB.

And more effect do not great.

A lot more sites do not grad-nate to star status but provide clutches of homes or work-shops to brighten the inner cities. The board probably has more than 250 lined up many waiting for partnership deals with the private sector. But developers know they will have to meet tough demands from a vigorous new outfit.

David Lawson



# IF NOT THE WATER'S EDGE.

thriving new communities.

At long last, the cycle of decline in great trading terminals like London's Surrey Docks, Salford Quays, Bristol's Battle Wharf, Hardepool, Ellesmere Port, Barry Old Harbour, Cardiff Bay and Swansea is been considered by the considered b

disappear beneam the use of economic energy is just part of the Lovell story - astory of commitment to inner city regeneration on a massive scale. Through its national regional network, Lovell now has the largest force of men and women ever drawn from within a single company dedicated exclusively to the challenge of urban

Using the partnership concept which we ourselves planeered in the early 70s, this seam is bringing new perceptions and ideas to the complex problems of creating social value.

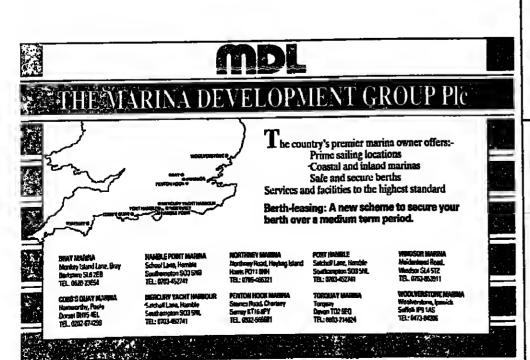
schemes more than live up to the trust shown by our public sector partners.

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This is the lifesting technique that Lovell has perfected and the resuscitation begins when you call Peter Rees for more information on this number.

//Lovell Partnerships

THE FIRST NAME IN PARTNERSHIP



### **CROWN ESTATE**

# **Ground landlord** along the coast

THE Crown Estate has a crucial position in develop-ments around Britain's shores. It owns 55 per cent of the foreshore — the land which lies hetween high and low tide marks and most of the seabed out to the territorial limit.

In recent years the Crown
Estate has been taking a more
aggressive approach to
extracting gains from its holdings. Last year it presented commercial accounts for the first time and the year before it published for the first time a

Property valuation.

Run by commissioners, the Crown Estate is land belonging to the sovereign that has been surrendered to the Government in exchange for funds ernment in exchange for funds on the Civil List. But the com-missioners last year were told by the National Audit Office, the parliamentary watchdog of state aguncies, that more prog-ress needed to be made in run-ning it like a commercial com-

The more progress that is made, the higher the revenues the Crown Estate is likely to receive from its foreshore and seabed estate. In the year to March 1988, the last for which figures have been published, they came to a modest 26.2m. The Crown Estate's power

comes from its position as the ground landlord for a large

But rather than relying on a passive stream of ground rents, the Crown Estate has now appointed managing agents to take a more active interest and is talking of tak-ing partnerships with marina operators and developers.

The last annual report noted that "the Crown estate is concentrating its coastal develop-ment efforts on the Solent. This is the most heavily used coastline in the UK.

There is a substantial and increasing demand for moor-ings and maximas in the area and n growing number of peo-ple want to love and work there." But a more active policy has

But a more active policy has not always been the easiest to execute. The Crown Estate controls the leasing of fish farms – largely for salmon – but its attempts to raise more revenue from a tariff on salmon produced met with protests from smaller opera-tors. It has also been under attack from environmentalists who have charged that there is no strategy for the leasing.

Paul Cheeseright

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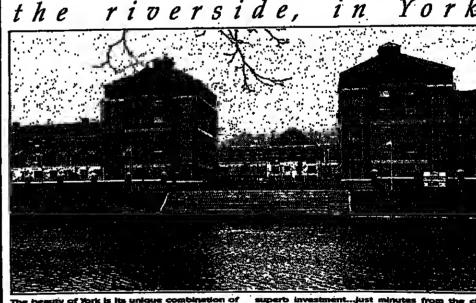
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# Gold strike in the swamps

ONE section of Associated British Ports' annual accounts will be nagging at the minds of union leaders as they struggle to control the temper of their members in the docks during the industrial action. In the first half of this financial year, 50 per cent of ABP's £21.2m profits came from property development, and a dozen schemes are under way which should push this proportion

even higher. Shipping is not being dumped for the sake of speculative development. Every effort has been made to exploit the hundreds of acres of surplus land lying derelict around the group's 21 ports as a means of subsidisting its traditional activities. But there must be a hidden threat to docks making losses or on wafer-thin mar-gins. Long stoppages and big-ger losses could swing the balance from ships to homes and

For the moment however thet is the last thing on the mind of Mr Paul Marber, the property expert brought in to mastermind the exploitation of ABP's untapped waterfront assets two years ago when the group absorbed Groavenor Square Properties. Ha has enough on his hands with a 10-year programme for trans-forming sites he would probably never have considered in his long career as a developer of city-centre office blocks and greenfield shopping malls. His optimism shows bow

fashions have changed. If not part of ABP, he would proba-bly be among the scrum of

The state of the s

11.1

developers scrambling to get within sight of any form of water, realising that the view adds huge premiums to the value of homes, offices and

Dibden Bay on Southampton Water, for instance, would once have been considered a joke. Some 600 acres of sludge dumped from excavation of the than soil. But the runaway success of Hythe Village Marina to the south and schemes such as Ocean Village and Town Quay closer to Southampton have turned this tidal swamp into another potential goldmine.

The reeking muddlats of Car-diff Bay and seven miles of ageing docks around Hull were equally uninspiring now they are a focus for urban redevelopments running into millions of pounds.

No hint of the cost of trans-forming these aow's ears appears in ABP's accounts, bowever. Accurate figures would be impossible, says Mr Marber, because of the com-plexity of dealing with these

First, the up-front costs can be massive. Docks may have to be filled - or excavated and repaired - and are often heavily polluted by the asbes-tos left from broken-up ships' boilers. New roads may be required, such as at Dibden, and all the other infrastructure installed in ground conditions inevitably poor because they are close to the water.

All these are uncertain liabilities nntil detailed surveys reveal the extent of problems.



Hythe Village Marina: a runaway success on the waterfront

They may wipe out notional land values, negating the group's advantage in owning the land. In Hull, for instance, a large grant was necessary to make development viable. But as in so many other schemes, once ABP had created a major warehousing and leisure cen-tre, the whole place took off and boosted surrounding values, so other developers were able to capitalise on ABP's initial investment.

"We have to create sites rather than just manipulate them," says Mr Marber. "And every scheme is a balancing act." Unlike an independent developer, ABP a first consider ation is for its operational docks, so new schemes have to be designed to co-exist with shipping rather than replace it. This may require some complex juggling. The freeport site at Southampton, for instance, is pencilled in for attention once surrounding ABP schemes such as Town Quay have matured. Planners have approved large mixed-use redevelopment, but this is a thriv-

Another major uncertainty preventing detailed cost projection is the variety of develop-ment arrangements operated by ABP. In spite of the internal shunted off to a specialist, producing immediate returns. Development partnerships

ing port, with shipping trade that ABP does not want to

for ABP's schemes at Ocean Village and Town Quay were already in place before Grosvenor Square was brought in. Shearwater has a half-interest in the former, and has been the dominant force in determining the pattern of shopping and office development. Builders like Dean & Dyball were sold the rights to build and operate the marina and housing.

ABP benefits by selling land

according to a set price for-mula each year and receiving half the development profits. Development rights for Town Quay were passed to Bargate Securities on a ground lease deal which yields ABP a per-

centage of rents and profits.

Queen's Quay, bowever, centred on a dry-dock between these two, will be completely under the Marber influence. There are plans to spend £100m on a 225,000 sq ft office campus and a 175-room hotel and to farm out land for 200 bomes. But ABP'a showpiece in

future years may not be the crowded water of Southampton water where high land values have made development rea-sonably certain and easy. Cardiff is now moving closer to the centre of attention as the Bill for a barrage to transform the mudilats into a massive waterfront redevelopment moves through Parliament, Mr Marber aims to make maximum capital out of the 180 acres he controls within the urban development corporation's territory.

MARINA DEVELOPMENT GROUP

# Berth rights on long leases

waterfront schemes but land lubber developers tend to look on tha boats themselves as loss-leaders. Apart from groups such as Crest Nicholson and Dean & Dyball, they have little knowledge of managing berths and servicing "yachties", so they franchise to specialists.

This is understandable con-stdering the high overheads and low returns. But Marina Development Group, Britain'a biggest operator, has a new approach which should bring in capital at a time when it may need cash to fight potential bidders and to set up its own property developments.

Owners are being offered long leases on berths at £40,000 a time and 50 have put down deposits at the group's Hamble Point marina. Torquay and Port Hamble berths will be next on the block, says Mr Philip Mason, managing director, MDG has to start cap-

italising on its assets, after escaping takeover by major abareholder Local London group by the skin of its teeth ecause the bidder was itself acquired by Priest Marians, another property developer. Rumours still circulate that

Brighton marina-owner Brent Walker will now come into the picture. It pulled the plug on Local London by selling a large shareholding to Priest Marians — which could now pass on its major holding in MDG. But the months have passed, MDG has just snnounced tripled annual profits of £4.6m and nothing has happened.

The potential reserves avail-

able to MDG from lts 4,000 berths are enormous, and it is about to add to its tally of 11 marinas. Mr Mason bopes to extend lease sales to five by next year. Not all would be as valuable as Hamble's but they will still attract heavy interest because of the increasing

Owners who may spend £45,000 on a cruiser are desperate for a guaranteed secure place to keep it. At the moment they have only annual tenure. But there are many in more modest boats who fear

they are being squeezed out. One extra worry for the less-monied classes is that investors have already moved into the US to capitalise on the strong appreciation in berth prices. Once MDG opens np its offer to outsiders, it will not be long before multiple-purchasers are knocking on its

Ignoring the nncertain ing, MOG is also making long-term plans to exploit some of its 400 acres of land. The potential value of joint ventures will not have escaped the attention of chairman Mr David Helmann who is, after all, a property man. Wates

in the salnbrious Surrey stockbroker belt, where gravel pits provide the waterfront inter-

A possible 20,000 sq ft retail and office scheme may also provide the first phase of redevelopment on 20 acres at Hayling Island if the planners agree. Cobb's Quay in Poole is on the list for a new marina and bousing once the council decides whether to build a new bridge over the barbour.

In the meantime, attention will focus oo berth sales, which will raise cash without any threat from local objectors as the planners have no powers to intervene. But the MDG board may find themselves increasingly short of a drink in some yacht clubs, as thun-der is already rumbling from those who feel they may be squeezed out because they cannot afford to bny.

David Lawson

Homes with water views for sailors

# Rush to the sea speeds up

IF SAILING can be likened to tearing up £50 notss while standing fully clothed in a shower, building homes for sailors is sometimes more like printing new notes in the com-fort of a cosy office. Housebuilders have only recently dis-covered the hidden demand for bringing home and boat together, yet already there are plans for close to £2bn worth of marina-based development in more than 40 schemes around

At one end of the market are the 'boaties', with money for a second home which has a berth at the bottom of the path

The figure could be much higher, according to Mr David Camp at research specialist Applied Leisure Marketing. He has been unable to include accurate values for every scheme. Nor does his research inclode bundreds of small schemes without a designated marina, where builders have been making hay out of the 20 to 40 per cent over local prices for water views. This illustrates the two dis-

tinct atrands making up the waterfront housing boom. At one end of the market are the "big boaties", with an urge to be close to their heart's desire. They are usually older, with money for a luxurious second home with a berth at the bottom of the path. They may work from here, with another base in town, or intend retiring within a few years. They will pay up to £750,000 for a house in a blue-chip scheme such as Brighton Marina or Hythe Village near Southampton.

Until the recent market collapse, this rush to the sea saw prices triple within a few years, and builders expect the roller-coaster to gather speed again when the crisis is over.

The price spiral was just as impressive on more modest apartments and houses at the other end of the scale, sold chiefly for their location rather than any suppressed nautical ability. London's Docklands, for instance, would never have succeeded without its extensive waterscapes. The problem bere is that builders were so enthusiastic they have set up a production line which cannot be balled, even though demand has frozen. This is why prices are crashing.

so severe because supply is still relatively limited. Way out

for instance, Dean & Dyball is offering one-bed spartments for less than £60,000. Even in glossy developments such as Port Solent at Portsmouth, many of the houses and flats are still within the range of local buyers. These were never aimed at the super-rich and the yellow-welly brigsde in any case. Ordinary homes in a special satting were seen as a magnet to ordinary buyers, and this has proved a successful component to waterside regeneration schemes far removed from the bype and

lurnry of the leading marinas. But while most major waterfront developments contain an element of affordable bousing, they are plainly seen as a touch of glamour to revive a declining backwater. Swansea Maritime Quarter proved bow successful this could be; now places as unlikely as Hartle-

A barrage of grants plus cross-subsidies from commercial development have opened. the door to the migration of marinas from high-value southern areas to run-down

pool are climbing on the band-

This is all welcome grist to the mills of builders who find other inner city sites uninspiring and greenfield land unat-tainable. Lovell, for instance, has more than 4,500 waterside

500 for the formerly drab old barbour at Barry in South Wales and 1,500 at Hartlepool. The grand title Hartlepool Renaissance indicates bow different these are from the rich

playgrounds of the south.

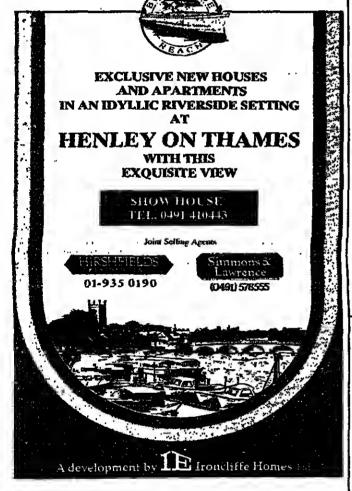
They are inner-city regenerations booked to the advantages of waterside locations, The approach may differ from the berth-with-every-bome approach pioneered by Dean & Dyball at Ocean Village, the first marina created mainly for

**Builders** were so enthusiastic they set up a production line which cannot be halted, even though demand has frozen

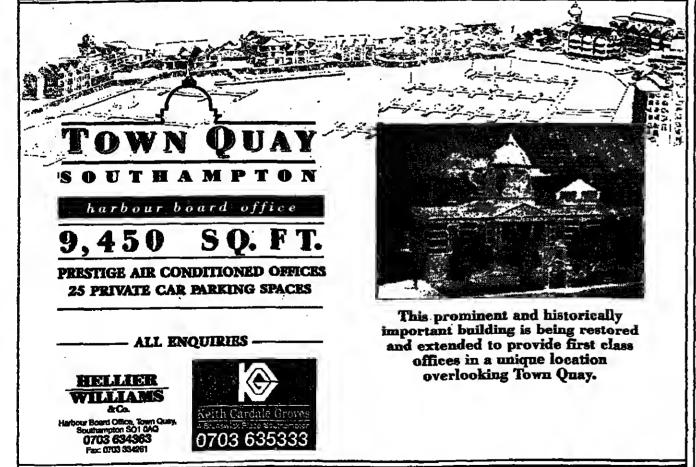
bousing rather than hoats alone. However, it is likely to tap a much wider market. But "lifestyle" will continue

to grow in importance as a marketing tool, and water-fronts could prove far more than a niche market for boaties over the next decade, particu-larly as a privatised water industry throws up bundreds of new development sites.

**David Lawson** 









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Creative Capital For Management Bug-Quis

# The Italian connection: a stark contrast in corporate manners

Christopher Lorenz continues his series on Electrolux by examining the sensitive process of blending its Swedish culture with that of Zanussi, its largest European acquisition

he deep cultural differ-ences in managerial behav-iour which have to be

whom Electrolux brought in to chair Zanussi as part of its takeover of the big Italian appliances company at the end of 1984.

"We have now adopted the Swedish work ethic," Rossignolo declared just over two years into the integration process. In a statement which spoke volumes about past attitudes, he continued: "Everybody keeps his word and all information is correct. We are trying to be houset and upright with the local anthorities, the trade the local anthorities, the trade unions and our customers. It took some time to get the message across, but I think everyone has

across, but I think everyone has now got it."

Today, after two more years of integration, the way Electrolux and Zamussi operate has converged still further — a process helped consid-erably by the extent to which the Swedes have involved senior Italian executives in developing new struc-tures and procedures for Electro-lux's much-enlarged white goods lux's much-enlarged white goods "product line" (the equivalent to a division in most other companies). The very fact that 500 Zanusai managers a year are now learning English, the official language of the Electrolux group, has also improved

communication immensely.

Relations have been fostered further by the fact that several Italians have been given senior interna-tional co-ordination roles within Electrolux as a whole; one of them heads the global components busi-ness, while in white goods another is responsible for pan-European marketing policy, and a third for European and US washing machine

But for many Zanussi managers there is still a considerable and awkward gulf, between the hierar-chical attitudes and behaviour to which they were used before the takeover — and which are tradi-tional in Italian industry — and the extreme informality which pervades the way Electrolux executives have always gone about their business. The most obvious evidence of this is the way Rossignolo's humediate subordinates still address him defer-

entially as "Presidente", while

bridged in European crossborder acquisitions have seldom been expressed more frankly than by Gian Mario Rossignolo, the man whom Riectrolux brought in to

'TRANSNATIONAL'

THE BIRTH OF A

Striving for balance

ent company, is known by his chris-tian name within many other parts

of Electrolux.
As Rossignolo himself points out, as nossignoto nimself points out, this is more than a mere matter of ontward behaviour. "You can't destroy hierarchical thinking from one day to the next," he says.

Some Italian managers are experiencing considerable difficulty destroys to the ambiguous matrix.

adjusting to the ambiguous matrix structure, which has been intro-duced since the Zanussi acquisition to bind it and Electrolux together and to enable them to manage a complex network of cross-frontier product flows between factories in one country and sales companies in

Faced with the need still to report to a (very) strong Italian white goods "country manager" while also being co-ordinated by a manager from the product line's Stockholm headquarters, the heads of several of the Italian units are finding it head to relieve the thinking hard to adjust. (The thinking behind the multi-dimensional structure of Electrolux's white goods business was described in Wednes-day's article, as were the innate ten-

sions it creates in the European organisation outside Italy.)

Things are made more complicated by the fact that since the beginning of last year the Italian factory managers — 70 per cent of whose revenues come from exports - bave joined their other European counterparts within Electrolux in becoming "product division manag-ers", and gaining what is supposed to be direct control over a third dimension: the negotiation of sales volumes and transfer prices with Electrolux marketing companies throughout Europe.

This arm's length relationship is a fundamental part of the Electro-lux system of breaking down its organisation into small operational units with as full responsibility as possible for their own profitability

and balance sheet.

But since Italy was brought fully into this structure during last year, the result has been a tense time for everyone concerned: for the Italian product division managers themselves; for marketing and sales company managers (especially in the UK, one of the prime customers of the Italian factories, but also in Italy itself); for the country manager in Italy and his counterpart in Britain; and for central management of the white goods product line in Stockholm.

line in Stockholm.
Since last autumn Stockholm has had to adjudicate several times in serious transfer price disputes, for instance between the Italian product divisions and the UK sales companies when the Italian country manager insisted that raw material cost increases could not be absorbed by his local factories. Something similar came to a head in February when the Italian sales companies resisted a new round of price rises

from their local factories.

So it is not surprising that the question of how to avoid constant disputes over transfer prices is cur-rently exercising the minds of managers throughout the white goods product line, even if Leff Johansson, who heads it, says "the issue has been blown out of all proportion; the system is working well, except in feets"

everal Italian executives have suggested that the system should be changed, so that all transfer prices are set centrally, by Stockholm and the "Marketing Europe" co-ordination unit it established two years ago. This would require the unit, which is based in Italy under an old Zamussi hand, Carvin Present to be given stronger. Sergio Pusca, to be given stronger powers — something which many Electroinx managers across Europe consider necessary for other rea-

Mario Vischi, the tough Italian country manager for white goods, says "the key in this complex international organisation is to have active mechanisms in place to cre-ate — and force — the necessary integration." (Force is a word that is rarely heard in the Electrolux With 1992 in mind, and even today, Vischi says that Marketing Europe "needs more authority, for example clear control over the pro-motion of particular hrands." On that point, Johansson agrees – but not with the notion of imposed

One of the would-be centralisers of transfer price decisions is Aldo Sessegolo, who heads the four-brand Electrolux/Zanussi marketing arm in Italy. He complains that, because of the number of European product divisions which supply him, and the frequency of price changes. Tm los-ing at least 40 per cent of my time discussing transfer prices - not just once a year but continually. This kind of organisation is only sible if the group is below a certain size."

sin size."

Sessegolo also complains that giving the product division managers a degree of responsibility for marketing "is like handing a copy of Playboy to a 14-year-old — they're getting far too concerned about it, instead of paying attention to keeping down their product costs and their price to us."

But Leif Johansson holds firmly to the principle of giving division managers as direct contact as possible with market pressures. And he continues to resist exercising his authority to intervene on transfer prices, except in extreme cases.

authority to intervene on transfer prices, except in extreme cases. "Our greater decentralisation than competitors on internal pricing gives us a faster speed of reaction in the marketplace," he claims. He also suspects that much of the

time which people say they spend on transfer price arguments is not internal wrangling, but actually valuable debate about what he calls "real business issues": market strategy, competitors and so on.
Johansson homes the

Johansson hopes the system will settle down after it has operated in Italy for a little longer: "it's a question of maturity," he says.

He also agrees with Mario Vischi
that "the tension should be released
a hit" by a change in accounting procedures this antumn which will give each product division manager quarterly data on the profit which every sales company makes on products bought from that man-

ager's factories. Such a process already operates in the reverse direction, enabling each country manager to know what profit a division has made on a sale to the sales companies in his



GIAN MARIO ROSSIGNOLO



MARIO VISCHI



**SERGIO PUSCA** 



ALDO SESSEGOLO

company's openness, informality and lack of hierarchy

In Sweden and some other long-standing parts of the Electrolux group, managers' interest in the profitability of other units with which they have dealings is fostered by the consolidation of such transfer profits with their own local results. When Electrolux can settle all the international complexities all the international complexities involved, it plans to extend this principle to managers throughout

in the meantime the transfer price debate rumbles on. Occupying a rather different position in it from Leif Johansson is Lennart Ribohn, the group's deputy managing direc-tor and chief financial officer. Ribohn, who is known to some of his colleagues as "the class moni-tor" (literally, "the one who keeps order"), is in favour of Stockholm placing a percentage "cap" on potential price increases, while leaving the two sides freedom to negotiate beneath it.

Ribohn denies that this monish

Ribohn denies that this would require many - if any - extra cen-tral staff, but Johansson dislikes the proposal on the grounds that "it would kill some of the businessmanwould kill some of the businessman, ship which is developing in the company," by "eroding the feeling of control which the units now have over their business." He also suspects it would tend to push all price rises right up to the level of the "cap".

Anders Scharp, Electrolur's chief executive, is well aware of all the arguments but says "it's up to Leif." Whatever happens, he is determined that any changes in the transfer price system should not slow down the company's ability to react quickly to marketplace changes. "In future, speed will become increasingly important," he says. If unit managers had to consult Stockholm, via two country managers in between, "it would

slow things down tremendously." Despite Scharp's caution, Lennart Ribohn carries considerable weight in the discussion, not just because of his central position but because he is also managing director of Elec-trolux's Italian holding company, and chairman co-ordinator of the Zanussi management committee.

Zanussi management committee.

He assumed this role, which takes him to Italy for about two days a fortnight, last autumn when the then managing director of Zanussi, Carlo Verri, who had been responsible for much of the Italian company's turnround since 1984, left to try to repeat the achievement as head of Alitalia, Italy's much-troubled state airline.

head of Allian, bled state airline. A great admirer of things Italian, A great admirer of things Italian, Ribohn is nevertheless all too aware of the time it can take to secure agreement on anything in Italy. It took a good six months — until April — for him to get local agree-ment to the streamlining of the Ital-ian central staff, and its integration as an extended arm of the corporate head office in Stockholm. "Italians are very philosophical," he says. "It's not been a Swedish or an American type of discussion, but an

Italian one — and that takes time."
The same principle applies to the generally rejuctant shift of Italian attitudes and behaviour towards the ambiguous lines of authority which are endemic to the structure of Electrolux's white goods product line — a structure which was wholeheartedly approved by Carlo Verri before he left. Even if Stockholm decides, for

internal reasons or because of mar-ket issues related to 1992, to respond to some of the internal pressures for greater central control
– and Electrolux never leaves its organisation unchanged for long -it will still want to maintain some sort of matrix between international and national authority. Leif Johansson has a deep commitment to the principle of decentralised

to the principle of decentralised decision-making.

Departing from Electrolux's normal principle of studied public politeness about all things Zanussian, Anders Scharp says pointedly that the Spanish companies which Electrolux has acquired (inclinding a part of Zanussi) "have accepted the organisation more easily." He knows that "there are still people in Zanussi who think it was wrong to sell out to Electrolux." but he says that Italian managers who still feel uncomfortable with the white goods structure "will have to become more European."



### THE MONTHLY MAGAZINE

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NOTICE IS HEREBY GIVEN to the holders of the 12%% Guaranteed Bonds Due 1992 (the "Bonds") of Bank of Tokyo (Curação) Holding N.V., a Netherlands Antilles corporation established in Curação (the "Company"), that pursuant to Condition 5(b) of the Terms and Conditions of the Bonds, the Company has elected to redeem, on July 25, 1989, a part of the Bonds in the aggregate principal amount of U.S. \$4,000,000 and bearing the following serial numbers at the redemption price of IO1% of the principal amount thereof, together with accrued interest to such date of redemption which will amount to \$61.37 for each Bond.

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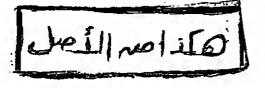
Payment of the redemption price and accrued interest to such date of redemption will be made on or after July 25, 1989 upon presentation and surrender of the Bonds to be redeemed, together with all appurtenant coupons maturing subsequent to July 25, 1989 at the principal offices of any of the following Paying Agents, namely, The Bank of Tokyo Trust Company in New York City, The Bank of Tokyo, Ltd. in Brussels and London, The Bank of Tokyo (Luxembourg) S.A. in Luxembourg and Bank of Tokyo (Switzerland) Ltd. in Zurich, except that payment of the above-mentioned accrued interest will be made only at the aforesaid office of any Paying Agent other than the Paying Agent in New York City.

On and after July 25, 1989, interest on the Bonds to be redeemed will cease to accrue.

BANK OF TOKYO (CURAÇÃO) HOLDING N.V.

By: The Bank of Tokyo Trust Company as Fiscal Agent

Dated: June 23, 1989



### **ARTS**

Amsterdam

Berlin

Muziektheater. The School of

Opera. La Clemenza di Tito has Josef Protschka, brilliant in the title role and Die Zauberflöte

with Charhard Ruschner Dieter

with Energard Energiner, better Schweikert and Elfie Hobarth. Lohengrin is well sung by Eber-hard Buechner, Manfred Schenk, Nadine Secunde and Eva Ran-

Opera. Last performance of La Bohème with Gyoergyi Benza Ka-reo Huffstodt, Keith Olsen and

Ryan Schexnayder. *Cosi fan tutte* is sung by Margaret Marshall, Mitsuko Shirai and Christopher

Robertson. Rusalka is a well done repertoire performance.

Also last performance of Dido and Aeneos.

Opera. Der fliegende Hollander has Wolfgang Probstrepeating his much praised performance

his much praised performance in the title role. La Conerentola has a strong cast led by Kathleen Kuhlmann, CarmenMannoser, Helmut Berger-Tuna and Joern W. Wilsing. Die Frau ohne Schalten brings Reinhild Runkel, Karan Armstrong. Also in repertory: Tusca and Offenbach's carely alward Der Familiario.

rarely played Der Karottenkönig

Metropolitan Opera. The 23rd

Frankfurt

Stuttgart

New York

23 24 25 26 27 28 29

### OPERA AND BALLET

### London

Theater des Westens. Cosi fan tutte in Götz Friedrich'sproduction features Angela Denning, Keith Lewis and Ute Waither. Royal Opera, Covent Garden. Bernstein's opera Candide has Donald George in the title role. Also Rigoletto, produced by Hans Neuenfels, and the ballet Giscile. Le nozze di Figaro, in Johannes Schaaf e very successful 1987 production, returns with sub-stantially the original cast — Thomas Allen, Claudio Des-Hamburg

deri, Marie McLaughlin, Carol (Vaness – and the original con-ductor, Bernard Haitink, Final performances of *Der Rosenkana-*tier, with Felicity Lott, Ann Murray, Lillian Watson, and Kurt Moll in leading roles, and Jeffrey Tate as conductor.

Theatre des Champs Elysees. Stuttgart ballet: The Tuming of the Strew with Marcia Haydee and Richard Cragun to John

(47203637). Théâtre de la Ville. Pina Bauscb and the Wuppertal Tanztheater (42742277). Grand Palais des Champs Ely-Grand Palais des Champs Ely-sées. Paris Opèra Ballet. Don Quizote in Rudolf Nureyev's cho-reography after Marius Petipa, to Ludwig Minkus' music; also Swan Lake in Rudolf Nureyev's choreography inspired by Marius Petipa and Lev Ivanov (48787500).

Staatsoper. Die Tote Stadt con-ducted by Heinrich Hollresier, with Karan Armstrong, Anna Gonda, Georg Ticby; Don Gioc-anni cooducted by Ivan Fischer, and sung by Edith Gruberova. Jerry Hadley, James Morris and Sona Ghazarian; Triston und Sona Gnazarian; Pristan una Isolde is conducted by Peter Schneider, with cast including Gwyneth Jones, Marjana Lipo-sek, Hartmut Welker, Ballet: Darmischen conducted by Peter Keuschnig (51444, ext 3318).

Teatro Alla Scala. Rimsky-Korsa-kov's La Fiaba dello zar Saltan in Luca Ronconi's production, designed by the architect Gae Aulenti. The cast includes Lucia Mazzaria, Carlo Gaifa, Josella Ligi Christine Barbaux and Nucci Condo, conducted by Gen-nady Rozhdestvensky (809126).

### Florence

Teatro Commale. Der Rosenka-valler produced by Michael Hampe and conducted by Jiri Kout (replacing the indisposed Zubin Mebia). The cast includes Anna Tomowa-Sintow, Dolores Ziegler, Cheryl Parrish and Kurt Rydl (Fri) (3779236).

The Hayward Gallery. Art in Latin America — a rich and fascinating survey of the paint ing and sculpture that has come out of Central and South Amer-ica since the early 19th century, which is roughly the period of the achievement of independence from the Spanish and Portuguese colonial empires. It presents an extraordinary cultural cocktail

colonial empires. It presents an extraordinary cultural cocktail — political, anthropological and social besides purely aesthetic, with the volatile Latin sensibility set against the older and still persistent indiginous Indian cultures. Daily until August 6.

The Royal Academy. The 221st Summer Exhibition of the Royal Academy — the usual gigantic and enjoyable free-for-all of painting, sculpture, print and architecture with nearly 1,200 works on show. Yet, as always, it is different this year for the particular treats it offers for the visitor who has the determination to search them out among the general mass. In defiance of received opinion, the general standard of work is commendably high and this year better displayed than ever. Daily until August 20.

Carte Musées et Monuments sold in museums and Metro stations enables visitors to avoid quenes at 80 museums and monuments, including the Louvre. Musée d'Orsay and Versailles Palace. The Louvre. Les donateurs du Louvre. Aptly, the newly refurbished museum inaugurates the 1,200 square metres of space created underground for temporary exhibitions by expressing gratitude for the generosity of donors throughout its existence, 10pm, all days except Tuesdays. Ends August 21. Entry through the Pyramid, Hall Napoleon, Niveau Accuell.

Accueil, The Louvre. Michelangelo as draughtsman. Some 80 drawings chosen from great international coosen from great international collections come to Paris after being exhibited in the National Gallery of Art in Washington. Closed Tue. Ends July 31. Daniel Malingue Gallery. A resolutely modern exhibition withwurks by Max Ernst, Miro, a suite of Fernand Leger's abstract watercolours and gouaches Nicholas de Stael's red and blue shining landscape and an orange-coloured sunset. There is an early Picasso still life of apples and pears reminiscent of Cézanne. 26, Ave Matignon (42666033) closed hunchtimes, Sun and Mon mornings. Ends

July 8. Galérie Odermstt-Cazeau, Mas-Galérie Odermatt-Cazeau. Mas-ters of the 19th and 20th century. A large Bonnard — La Place de Clichy — catches the bustle of a Parisian street. But while the brush stroke is impressionistic, the gentle melancholy tonality of blue-greys is personal to Bon-nard. Changing the mood abruptly is the exhibition's succes in somula! — Chazall filling succes in scandal — Chagail filling up space with themes of Jewish mystique around a signature of Hitler and spine-chilling sym-bols of Nazi domination. There is a Monticelli, the painter vener-

season of free outdoor performances continues with Lucia di Lammermoor with Marilyn Mims as Lucia, Alfredo Kraus as Edgardo and Pablo Plishka as Ferrando, conducted by Edoardo Mueller, Great Lawn, Central Park (Mon).

Ballet Nacional de Espana. Bolero. The Three Cornered Hat, etc. Showa Women's University Hitomi Memorial Hall, near San-genjaya (Mon).

ared by van Cogn, with a sun life of a lemon in vibrating yel-low against dark, near-baroque shapes, a powerful, to mented portrait of Lucien Freud by Fran-cis Bacon, a delightful, small

and from several collections and from several collections, museums, galleries, from all parts of the world, except the Teatro-Museo in Figueras, his home, are to be seen. The exhibition, organised by Mrs Karin van Maur, who tries to explain how Dali's works can combine

with the post-modern period.

concentrates on his works from the 1930s (surrealism). Among them are pictures which have

not been shown in public before. Ends July 23.

Messepalast. A thoughtful exhibition, called the History of the Modern Mind, deals with the works of Sigmund Freud as well as the plethora of artists who

as the plethora of artists who grew up in Vienna at the turn of the century. Ends August 6. Runstforum. Egon Schiele und seine Zeit. A marvellous exhibition · notwithstanding the cramped space · comprising hitherto unseen works by Schiele. Also Gustav Klimt. The collection was built up since the Second Worlds War by Rudolf Leopold. Whether or not these paintings remain in the country will depend on the Austrian Chancellor's decision to buy

Chancellor's decision to buy them. Ends July 23. Secession. An exhibition on Aus-trian interior design should not be missed. Some of Austria's younger generation are trying to continue the tradition of the finds sixtle movement. Others

fin-de-siècle movement. Others such as Adolf Krischanitz, who specialises in tables, has gone his own way. Ends July 16.

Villa la Farnesina, Via Della Lungara 230. Drawings from the Venetian and Lombard schools:

renticularly interesting is the Venetian section, with nude studies by Tintoretto, works by Domenico Campagnola, a large groop of sketches by Palma di Giovane, and two views of Rome by Camsletto, Make a point of presing Parachel's force at the property of the control of the control of the property of the control of the control of the property of the control of the control of the property of the control of the control of the property of property proper

ground floor of the villa on the

way out. Ends July 16.
Museo Napoleonico. Eighteenthcentury Roman Theatre and Carnivals. Life was anything but
comfortable for impresarios
under the oppressive papacy of
Plus VI, with ruin continually
staring them in the foce through

staring them in the face through forced closure by unpredictable papal censors. This absorbing

paper censors. This absorbing exhibition covers the years 1775, when Pius Vith's long reign began, to 1799, and attempts to show how the conflicting influ-

ences of the papacy and the revo-lution in France affected the

Roman theatre. The exhibition opens with a coloured lithograph

of the Pope's triumphal procession, immediately after his election, alongside the edict which condemned to death the supposed author of a tastless masque written for the occasion (the true author of which was could be be be to the condemned to the condemned to the supposed author of which was could be believed.

the true aumor of which was said to be Prince Chigi). The Roman cultural scene was lively but frivolous, ballet and spectacular theatre in general being much preferred to classical plays or opera. Included in the exhibition are comparents etchings of

tion are oumerous etchings of

stage sets and elaborate pap

seeing Ranahel's free

16th to 18th centuries. About 100 works from the National Graphics Institute's collection Particularly interesting is the

### **Amsterdam**

Cëzanne with green trees; there are two Renoirs and one Picasso. 85 bis, Rue du Fbg. Saint-Honoré (42669258). Closed Sun. Ends July

Bounefanten Museum. The linest of the early Italain paintings in Dutch collections have been gathered together in a show con-taining works by Duccio, Guido da Siena, Filippino Lippi, Bellini and Carlo Crivelli. Ends July

### Brussels

Musée d'Art Moderne. Retrospec-tive of the Belgian abstract artist Victor Servranckx (1997-1965). Closed Mon. Bibliotheque Royale Albert 1. An exhibit to celebrate the library's 150th anniversary. Open daily ends July 18

# daily ends July 15.

Kunsthalle, Lichtenthaler Allee 8a. A retrospective of Jean Coc-teau (1889-1963) to commemorate the 100th anniversary of Jean Cocteau's birth, the Kunsthalle in Baden-Saden presents the most extensive show of his work ever with around 500 exhibits.

The exhibition also tries to show the different talents of the artist as poet, dramatist, essayist, painter, sculptur, actor, jazz com poser, choreographer, stage set-ter, film and theatre producer. It is divided into film, theatre, ballet, literature and painting.

### Cologne

Bilderstreit. Rheinhallen der Kölner Messe, Messegelände. Deutz. The two organisers Johan nes Gachnang and Siegfried Gohr, present "contradictions and contrasts as the essential source for the dehate about con-temporary srt." This exhibition is in contrast in avant garde: it explains areas of action and is in contrast in avaint garde:
It explains areas of action and
attempts to provide an unprejudiced outlook on the current art
scene. Approximately 1,600
works by 130 artists concentrate
on art since 1960. The show
should give a detailed view of should give a detailed view of different art styles, with "old classics" of modern art next to works by contemporary artists. Among them are Gilbert and George, Kashnir Malewitsch, Blinky Palermos, Carl Andres, Edvard Munch, Markus Lucpertz challed and Fills photographers Bernd and Hilla Becher, Joseph Beuys and Dada-ist painter Marcel Duchamp, John Baldessaris and Georg Basclitz. There are also works from william Copley's collection by Duchamp, Man Ray, Max Ernst and René Magritte. Ends July

### Stuttgart

Staatsgalerie, Konrad-Adenauer-Str. 30-32. Salvador Dali: (1904-1939). Stuttgart presents the biggest Salvador Dali retro-spective since his death earlier this year, to honour him on his 55th birthday. 350 works from

THEATRE

### London

American Ballet with Balan-chine's Serenade, Episodes and Symphony in C. and Bournon-ville's Life Guards of Amager (Mon), and Balanchine's Square The Merchant of Venice (Phoenix). Dustin Hoffman's Shylock a sympathetic, semaphore-gesturing alien in Peter Hall's fine Venetian Renaissance pro-duction, Geraldine James a superb Portia (836 2294). As You Like It (Old Vic), Yet Dance, Waltz Fantasy and Symphony in C, closing with Martins Les Genulhommes (Wed). The Vaganova Academy of Lenin-grad's Kirov Ballet in two Fokine and Petipa programmes (Tue, as for like it (On vic), fet more non-RSC Shakespeare, with an ootstanding Rosalind from Fiona Shaw in eclectic, enloyable Tim Alberty revival. Ambitious designs (928 7616, cc 261 1821). Ghetto (Olivier), Brilliant Notional Theorem and Comments of the co National Theatre version of Joshua Sobol's Israell play about the last days of the Vilna ghetto. Nicholas Hytrer directs, Bob Crowley designs, good music arranged by Jeremy Sams. June 22-28. July 7-16 (928-2252). M. Butterfly (Shaffesbury). Anthony Hopkins as the tortured diplomatic hero in a Peter Shaf-fer-style "spectacle of ideas" dressed up in John Dexter's Opera. Ariadne ouf Naxos is a guest performance from the Dresden State Opera. The Joeffrey Ballet New York/Los Angeles appears with choreography by Paul Taylor, William Porsythe and Geraid Arpino. superb production as a metaphor of homosexual life. The transves-

tite tragedy proves less electrify-ing than in New York, the play is not very good but still worth seeing (379 5399). Brigadoon (Victoria Palace). 1947 Lerner and Loewe "heather-scented" Scottish fairytale hit is handsomely revived and well sung, less froil than expected (634 1317, cc 636 2428). Henceforward (Vaudeville). Mar-tin Jarvis and Joanna van Cys-eghem in bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained marriage. A tale of obsession, devotion, computer music, women as robots, gangs on the streets and a tug-of-love on the streets and a tig-or-love (836 9937, cc 741 9999). Ivanov (Strand). Alan Bates and Felicity Kendal lead a new ad hoc classical company in Chek-hov's first play, translated by Ronald Harwood, directed by Elijah Moshinsky. Bates interest-ingly renders the critical suicide

### a Simon Gray character (836

**Hamburg** The World's Theatre, The international festival from June 16 to July 9 will take place in Ham-burg, as part of the town's 300th burg, as part of the town's 300th anniversary of its harbour. Organised by the Thalia Theatre with the help of the international Theatre Institut, some 34 pieces from 17 countries will be performed, among them East Germany, the Soviet Union, Sweden, South Africa, France, the USA Beltain Geometry and Italy. South Airica, France, the USA, Britain, Germany and Italy.
The idea for the festival came from former theatre director Ivan Nagel, who formed the Theatre of Nations in 1979. Richard von Weizsäcker, West German President, is chairman of this year's festival.

### New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-win-ning drama covering 20 years in the life of a successful American baby boomer goes from sup-port for Eugene McCarthy's pres-idential aspiretions to electoral ambitions in the 1980s, accompa-nied by the musical and emotional flavour of the period (219

Shirley Valentine (Booth) Pauline Collins brings her West End triumph to Broadway in Willy Russell's amusing and touching story of a Liverpool woman's awakening in the Acken Sea. Simon Callow again directs with out smoothing any of the Northern English edges that retain

an authentic touch. Rumours (Broadhurst), Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mug-ging but hollow humour that misses as often as it hits. Chris-tine Baranski leads an ebalhout

cast in the inevitable but disappointing hit.
Cats (Winter Carden). Still a
self-out, Trever Nuna's production of T.S. Eluc's children's
poetry set to music is visually startling and choreographically feline (239 6363). A Churus Line (Shubert), The In Courts the (Minory), the longost running musical in the US has not only supported Joseph Papp's Public Theater for right years but also updated the process of the process of the prothe musical grare with its back-stage story in which the songs are used as auditions rather than emotions (239 6390). Me and My Girl (Marquis). Even if the plot turns on wonic mimicry of Pygmalion, this is no clas-arc, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 9033).

hit (947 9033).
Phantom of the Opera(Majestic).
Stuffed with Maria Bjornson's
gilded sets. Phantom rocks with
Andrew Lloyd Webber's baunting melodies in this mega-transfer from London (239 6200).

### Washington

Into the Woods (Kennedy Center Opera House). Stephen Sondheim and James Lapine update favourite fairy tales with a contempo-rary plot and characteristically challenging songs. Ends July 16 (254 3770).

A Funny Thing Happened on the Way to the Forum (Goodman). Stephen Sondheim's most popular musical, for which he wrote both music and lyrics, stars Louis DiCrescetum as Pseudolus in Eurt Sherelove and Larry Geibart's adaptation of Plautus, Ends Aug 6.

Steel Magnolius (Royal George). Ann Francis and Marcia Rodd play the leads in this view of play the leads in this view of southern life from under the dry-ers in a busy hairdressing estab-lishment (988 9000). Les Miserables (Auditorium). The international spectacle has settled in for a long stay by the Great Lakes (922 2110).

### Tokyo

Kabuki. Shimbashi Embujo Theatre. Two mixed programmes at 11am and 4.30pm, including Rikugoro and the world-famous onnagata Tamasaburo (Ends June 28) (541 2211). Les Miserables. (imperial Thea-tre) Strongly-cast revival (in Jap-anese) of the stirring musical of the storming of the Paris bar-ricades (201 7777).

carnival masques and later burnt, portraits of contemporary composers such as Cimarosa and Paisello, and an enchanting Perseus and Andromeda by the French sculptor, Chitard, Ends

### Venice

Museo Correr. French impres-sionists from the Mellon collec-tion at the National Gallery of Art in Washington: more than 40 works, among which are delights such as Courbet's sea-scapes, Seurat's La Grande Jatte, and Renoir's Madame Monet and Son. Ends Sept 4.

### New York

Whitney Museum. The 65th in the long series of Annuals and Bienniales features a large group of lesser-known artists among the 80 represented on three ficors of galleries. Ends July 9. Metropolitan Museum of Art.
Goya and the Spirit of Enlightenment explores 160 of the artist's
works in relation to his impact on cootemporaries and the ratio-nalist modernisation of Spain.

### Wastington

National Gallery. More than 400 images are part of a massive retrospective of the 150 years of photography, here represented by Alfred Stieglitz, Walker Evars, Laszlo Moholy-Nagy among dozens of others. Ends Aug 13.

### Chicago

Art Institute. Master drawings from the Teyler Museum, the oldest in Holland, include nearly 100 works of two centuries Art Institute. Two centuries
Art Institute. Two years after
his death, Andy Warhol concinues to make news with his new
diary; even his work retains surthat y, even this work retains sur-prising freshness amid the vari-ety that extends far beyond familiar images like his Marilyu Monroe and Campbell Soup tins. Ends Aug 12 Ends Aug 13.

### Tokyo

Santory Museum. Wall paintings and screens from castles and temples of the Momoyama Period (16th century). The works are of two main types: sumie landscape paintings and colourful paintings on a goldleaf back. ground, both displaying a bold mixture of Chinese and Japanese styles. Closed Mondays.

Azabu Museum of Applied Arts. The inaugural exhibition at this brandnew museum in the fashionable Roppongi district features the fashions of the Edo period, as reflected in ukiyoe paintings: mainly of courtesans and other denizens of the "floating world". Closed Mondays.

Identisu Museum. Hoan Kosugi. An exhibition to mark the 25th anniversary of the death of one of Japan's leading contemporary painters. Kosugi's early work was influenced by Impressionism, but in later years he created a more Japanese style in sumie and watercolour. His favourite subjects were flowers, birds and people (Opens June 27).

Continued on Page 21

# Early music in America

arly music – which will soon, no doubt, be annexing Mahler, Strauss, Puccini to its centuries spanning province — booms in America as else-where. Although New York still has no baroque or classi-cal orcheatra in regular employment, there is pool of employment, there is pool of players from which ad-hoc ensembles are drawn with some frequency. They include Stephen Hammer, a prince of haroque ohoists, who also plays for Drottningholm, and Paul Hudson, who leads the Drottningholm band and has recorded the Mendelssohn concerto with the Hanover Band. matter

recorded the Mencessoom con-certo with the Hanover Band. The Classical Band, directed by Trevor Pinnock, has just made its debnt here, playing Haydn, Mozart and Beethoven. It has a five-year contract with Deutsche Grammophon, which should ensure some strikility. should ensure some stability. San Francisco has its Philhar-San Francisco has its Philharmonia Baroque, directed by Nicholas McCegan. Every campus and city has smaller ensembles – medieval, renaissance, baroque, or classical. An organisation, Early Music America, has heen formed because "the explosion of early music activity has forced musicians into roles requiring mainatream administrative and business-related skills."

The activity acquires a focus

The activity acquires a focus and international perspec-tive — at Boston's hiennial Early Music Festival: eight early-summer days filled with con-certs, recitals, master classes, public debates. Boston is a good city for this, amply pro-vided with resonant churches on all scales and in all styles, from Romanesque to Perpendicular, which are visited by ensembles from all over the country. The festival has acquired an almost Edinourgh-like fringe to add to the official programme.

official programme. The latter this year included Monteverdi's "1631 Mass" in thanksgiving for the cessation of the plague, conjecturally reconstructed by Hugh Keyte and conducted by Andrew Par-rott; Steffani's Henrico Leone. hrought by the Capella Agostino Steffani from Hanover; and two concert performances of Idomeneo, conducted by Roger Norrington with the

EMF Orchestra. Over here, we read of Norrington's triumphant "Experi-

Cagnotte, which means "the kitty." The eponymous bank stands on the whist-table at Champbourry's house. Champ-

hourcy (Bernard Lloyd) is

playing with Colladin (Robert Austin), a pig farmer, and Cor-denhois (Barry McCarthy), a pharmacist, while his danghter Blanche plays Mozart to his

unmarried sister Léonide, and

Colladin'a rustic son Félix makes rustic love to her.

break open the piggy-bank they have been feeding with

loose change. There is a matter of 643 francs, enough wealth in

those Second Empire days to promise a day out for all of

them. Colladin suggests Crecy fair, but the rest, for different reasons, choose Paris, and Col-

reasons, choose Paris, and Collsdin accepts Paris if he can take his pig William.

And there they all are, Colladin with his little pig William, ably created by Steven Richardson, under his arm, his hardson, under his arm,

duly dropping dirt on the floor before being relegated to the stables. They order lunch and embark on their various mis-

sions. At lunchtime only Colla-

din and the women are back

The moment has come to

The Piggy Bank

in love.

with a modern orchestra, St. Luke's, he conducted (as I reported) a wonderfully buoyant Beethoven Righth and an disappointing Ninth. The Idomeneo, like the Ninth, was brisk, transparent in textures, fascinating in timbres, and of high interest. And yet it seemed that effects of orchestral disposition, of timbres, and of fleet tempi — not the opera itself — had become the main matter.

It all seemed rather tight, cramped, and driven. The cramping was the fault of the hall – the Tremont Temple, successor to a huilding in which Jenny Lind and Charles

Andrew Porter visits the biennial festival in Boston

Dickens performed. (A sign at the entrance to the topmost balcony read "Please Worship on a Lower Level.") The platform sardined the performers, who needed more elbow room. if they were to project into a fairly large auditorium. The tightness and tenseness came from Norrington, who has never been a relaxed and easy but always an urgent conduc-tor, heedless of Blake's "Damn braces, bless relaxes." His energy is winning, but the singers and the instrumental-ists were pushed. Emotion had

no chance to flower.

Anthony Rolfe Johnson withdrew from the title role, ill; Jeffrey Thomas stepped in and gave a serious, accomplished performance. Jeanne Ommerlé (Ilia) and Lisa Saffer (Electra) were accurate but undervoiced; Lorraine Hunt (Idamantes) sounded overvoiced, too "rich," as if she had Sieglinde in her sights. The edition was pure 1781 – Moz-art's own abridged text, for the first time since then; much rec-itative and three arias gone, Arbert in full and age the Arbaces in full, and also the long ballet at the end. Norrington never hesitates to go all the way. For a festival demonstration it was the right choice;

maybe not for repertory use. Newell Jenkins and his Clar-

ion Concerts have done five

also s novelist and a count, are

Champbourcy has bought corsets to go under his munici-pal uniforms, and they are too tight; Cordenbois wanted his hair cut for a meeting with a

marriage broker and has had a skinhead joh. Féliz is away looking for a hotel where he can rent a room for an hour and take Blanche. Blanche and

her aunt have been huying

jewellery and clothes.

But when the lunch bill is presented, they refuse to pay, not having eaten the food they

ordered, and we go deeper into

classic French vaudeville, with the police summoned and the whole lot arrested. From here

on life moves into the usual farcical routines that I need

not report in detail. They

escape from arrest, and find their way to the premises of

Cocarel the marriage-broker, where the police superinten-dent is also doing husiness,

and there are other respectable women in search of husbands. Every kind of confrontation

ensues, the super arrests

Champbourcy and Colladin.

Steffam operas here, but Henry the Lion was new to America. It confirmed Steffam's reputation as an engaging and resourceful composer, inge-niously hlending Venetian convention (two crossed pairs of lovers, a poignant lamento, a supernatural evocation) with Lullian grandeur and instrumental eloquence. Now that Cavalli has entered the reper-tory, Steffani should surely fol-low. Glyndebourne should look at Niobe, which may be Stef-fani's masterpiece.

But perhaps Henrico has an even stronger claim for British revival. It was composed, in 1689, to inaugurate Ernest Augustus's showy and splendid opera house. The score is now in the British Lihrary (since in the British Library (since Ernest's son mounted our throne as George I); Henry the Lion's wife, Matilda (who sings the lovely lamento), was Richard II's sister, the Hanover performance, unstaged, was a shade stodgy, but the merits of the opera were apparent.

the opera were apparent.
The Monteverdi Mass was done in St. Paul, a resonant church modelled on San Zeno Maggiore in Verona. It was a full "liturgical" presentation stopping short of an actual consecration — with the attendant awkwardness that a concert version of a sacrament brings, while singers impersonate the Celebrant and chant the Epistle and the Gospel. But it did provide a musical feast: it did provide a musical feast:
of ancient chant, of ceremonial
trumpets, of Monteverdi in
both his austerely antique and
his passionately modern manners. During this plague Mass,
one thought about AIDS and
wondered when thanksgiving
for the abatement of a new
plague, which has claimed so

plague, which has claimed so many of our best musicians, might be celebrated. Other high points in Boston were two recitals given hy Sequentia, the group directed by Barbara Thornton and Ben-jamin Bagley, Babs and Benly have a big following, and deserve it, for they bring medi-eval music to life most vividiy. eval music to the most vividiy.

In an 1899 Perpendicular church designed by Ralph Adams Cram — America's George Gilbert Scott — Sequentia performed plancus, Marian laments, in a way that made me feel I had not since Callas beard soprano singing so plangent and elongent. so plangent and eloquent.

C.P. Taylor based The Piggy for the meal; the others have but with the inclienable logic stank on Eugene Labiche's La had tronbles. Moreover, of French farca the party ends up at the station, unable to of French farce the party ends up at the station, unable to afford return tickets. Félix, who has been absent from the recent troubles, arrives loaded with money and new clothes, having met a lady as rich as she was amorous, and we see the prospect of a double mar-

riage, Félix with Blanche, and Cordenbols with Léonide. Labiche lacked the practical good sense of Feydean, and The Piggy Bank is a sequence of comic events but little more. Taylor has not made the characters any more subtle than Labiche did. The evening's best playing is in the smaller parts. notably by the inventive David Westhead in a great double as common Félix and camp Cocarel. Katharine Rogers's Blanche is the best of the Champbourcy party to suggest subtility – part intellectual, part romantic. Ric Morgan as the super put some extra zing into the scenes chez Cocarel.
There is a clever set by Rusri Murchison with the required multiplicity of doors, though director Susan Todd does not

always make ideal use of them. B.A. Young



Mark Baldwin in "Mythologies"

# Rambert Dance

SADLER'S WELLS

It is characteristic of the Rambert Dance Company under Richard Aiston's guid-ance, and admirably so, that the troupe and its musical ensemble should be part of the Almeida Festival. Brave jourmeyings into new territory, imaginative reassessments of the avant garde, which mark the Almeida's achievements, are now a clear sign of the Rambert image, though there remains always the necessary and perceptible link with an existing dance tradition.

For the rest of this week, Rambert is showing a group of works set to stimulating scores, by Harrison Birtwistle, Clande Vivier, Nigel Osborne, Giscinto Scelsl and Morton Subotnick, Much of the chore-ography is new — there is not another tronpe so resdy to assert the value of serious modern music for dance in Britain — and the effect is wonderfully exhibitating after the predictabilities offered both by our classical and postmodern groups. modern groups.

The most successful work in

the short season, which began on Wednesday night, is Ashley Page's response to Birtwistle's Carmen Arcadiae which dates from 1986. Against the vivid shapes of Jack Smith's setting

and be it gratefully noted
that the entire evening is well designed, and admirably lit hy Peter Mumford and John B Read – Page's dances form clusters and scatter them, push the logic of movement to the edge of unreason and then recepture order. It is a constantly stimulating work, secure – for all its fragmen-tary air – in an academic tra-

The remaining pieces are new. From Richard Alston a realisation of Claude Vivier Balincse-inapired Pulnu Dewata, which he visualises as a sextet (three conples in vaguely Balinese dress seen in a midnight-hine void) where gesture curves and opens ont, and a deliberate dance manner suggests a new departure for the choreographer. Most fasci-nating is a solo for Amanda

ARTS GUIDE

lin). Haydn, Spohr, Martinu, Mar-tin. (Sat) Barbican Hall (688

Royal Philharmonic Orchestra, conducted by Andre Previn with

conducted by André Previn with Krystian Zimerman (piano). Bee-thoven. Royal Festival Hall (928

Royal Philharmonic Orchestra,

conducted by André Previn, with Vladimir Ashkenazy (piano). Beethoven, Royal Festival Hall (928 8800) (Tue).

London Symphony Orchestra, conducted by Matislav Rostro-

MUSIC

London

Britton in which her arms seem to initiate sequences of choreography, and gesture finally pulls her to the ground. I want to see the plece again. Richard Alston has also largely reworked the Mythologies which he made to Nigel Ochovne's coore three years.

Osborne's score three years ago. Inspired by a Taimshian Indian myth, the dance was not originally successful. Now, purged of literalism, it shows in non-narrative form, a journal of call articles in the control of the call articles. in non-narrative form, a jour-ney of self-exploration under-taken by the excellent Mark Baldwin, who remains a con-templative figure amid a cho-rus who comment in liveller fashion upon his actions. The most difficult task of the evening probably fell to Slohban Davies, now associ-ated with Rambert, Giscinto Scelsi's Okananon is a sono-

Scelsi's Okanagon is a sonorous exercise in repetitions of the lower registers of harp, double-bass with fam-tam. The composer called it "the heart beat of the earth" and Miss Davies has made movement for six dancers that stretches and curves round the reverber-ant bell-notes of the score. The dance in this Soundings seems, fascinatingly, like the echoes and harmonics of the musical

Finally the hrightness of Mary Evelyn's Calm, not all that calm when the dance is that came when the dance is impelled by the hard-driven energies of Morton Subotnick's score, and matched to the jolly colours of Stephen Buckley's set a scatter of primary colours against a shifting white background. There are moments of repose in a sombre duet for Cathrine Price and Paul Old, hnt elsewhere the dance relies upon the ebullient energies of the gifted Rambert

dancers. The evening, like the collab-orative idea behind it, is well worth-while. Praise to everyone involved, not least the musicians of the Mercury Ensemble under Roger Heaton fine advocates for new music just as the Rambert company speaks bravely for new dance.

Clement Crisp

# Babes in Arms

KEW YORK

Babes in Arms, the 1937 musical by Richard Rodgers and Lorenz Hart, heard in a fisher Hall, Lincoln Center, on June 5, originally opened towards the end of what had been a rather thin Broadway season — just like the one now coming to an end. It is safe to say that if the present season had produced one new musical with a score as rich as this, people would not be shaking their heads over the sorry state of American musical comedy. of American musical comedy. The eleven songs include "Where or When," "I Wish I Were In Love Again," "Way Out West (on West End Avenue)," "My Funny Valentine," and "Johnny One-Note" - and those are just in the first act (the second act contains "The Lady Is a Tramp").

in those days, songs did not have to advance the plot -

have to advance the plot -they could be introduced by the most arbitrary soogcues.
"My Funny Valentine," for instance, is "justified" by the fact that Valentine is the name of the male juvenile lead. The of the male juvenile lead. The plot of Babes in Arms, in any case, is filmsy enough. As the title suggests, it is about a group of mildly rehellious young people, left to fend for themselves when their vaude-villian parents go off on tour. This may be the first musical in which someone says "Come in which someone says "Come on, kids, let's put on a show of our own," or words to that effect, in this case, on a hudget

There is more, not worth

going into; the songs are what matter. Hart's lyrics sometimes express a worldly sophistication, even cynicism, at odds with the youth of the characters — "When love congeals/It soon reveals/The faint aroma of performing seals/The douhle-crossing of a pair of heels/I wish I were in love again." But wish I were in love again." But the ballads, "Where or When" and "My Funny Valentine," are among the great love-songs of our time, giving lyric expres-sion to universal feelings.

The original cast included young players like Mitzi Green, the former child movie star. whose speciality was doing imitations of Maurice Chevalier and George Arliss, Alfred Drake, the Nicholas Brothers, and, in the chorus, Dan Dailey. Babes in Arms was the sec-ond Rodgers and Hart show choreographed by George Bal-anchine, who was inspired by the mention of Alda in the lyrics of "Johnny One-Note" to create a comic Egyptian ballet, probably also drawing on his depressing experiences as cho-reographer of the Metropolitan

Opera. For the secood act he made a "dream ballet," another first, and something that was to become - after Oklahoma! at any rate - an essential ingredient of any Broadway The film made by MGM in 1939, starring Judy Garland and Mickey Rooney, omitted, with typical Hollywood perver-sity, all but two of the Rodgers

and Hart songs. The recent

concert version was the first

the Broadway run of the score in its original orchestrations by Hans Spialek, almost complete – it included his arrangement for the "dream ballet," but not the Egyptian one, and one song was omitted: "All Dark People," originally sung and danced by the Nicholas Brothers, was considered unsuitable, for reasons one can only guess at. Evans Haile conducted mem

performance since the end of

bers of the New Jersey Symphony Orchestra, taking a turn at the piano now and then to provide the duo piano sound so characteristic of Broadway orchestration in the thirties. His revival of this great score was a further addition to our was a further addition to our knowledge of the classic Amer-ican musical. The exploration of this repertory would not be possible without the existence

possible without the existence of a number of remarkably talented young singers who specialise in this material.

Several of them were in Babes in Arms, notably Judy Kaye, Jason Graee, Gregg Edelman, and especially Judy Blazer, who lived up to ber name with a brilliant performance of "The Lady Is a Tramp," and found the right rneful tenderoess for "My Funny Valentine." One must, however, make the usual complaint about the too-strideot plaint about the too-strideot amplification, which renders some lyrics incompreheosible and makes interpretive sub-

tlety almost impossible. David Vaughan

# The Task

GATE, HOTTING HILL

The French Revolution provides the backdrop for Hei-ner Müller's passionate indictment of racial and economic imperialism, bot the anthem that is just audihle beneath the drumming at the start is Amer-ican and the final gruesome photo-projection of a bloodied head nestles beneath the headnead nesties beneath the head-line "Beijing's people defiant amid a burning city". Like all good political theatre one need look no further than the here and now for evidence of the phenomena that are so starkly realised on stage: yet, like the here and now, Müller does not

provide easy answers.
Watching the work of this remarkable East German writer, a former writer-in-resi-dence with the Berliner Ensemble, points up the frustrations of much new English theatre: its enslavement to text and to a humanist miniatur-ism. Müller, in contrast, paints with a broad brush, allowing his images to run rampant within a structure that appears infinitely accommodating. One moment we are in Jamaica, watching the betrayal of its slaves; the next we are swept off into an anxious monologue hy a contemporary office worker trapped in a lift on the way to satisfy "the boss." The "task" of the title is an

unfinished bit of revolutionary husiness destined always to main unfinished in a world that either huys off or beheads its revolutionaries. What price Liberty, Fraternity, Equality, demands Müller, when Liberty is a whore who pays court to the ruling classes. Fraternity is the relationship of master to slave and Equality appoints a peasant from Brittany to run the affairs of empire. Robespierre and Danton are paraded and scorned as two monstrous heads all too easily knocked off by the fancy new tool of revo-lution - the guillotine; the one female cast memher (Niki



Niki Johnson, Carlton Chance and Mike Packer

Johnson) primps and ponts as the First Love of the revolutionary - one minute that love is lustful Liberty, the next the enfolding family, and the third seductive treason, offering her services to the effete aristoc-

Robert Rae directs this well designed and performed dehut production for Theatre of

Resistance, a collective backed by Red Shift and the Gate. Mike Packer, standing in at short notice as the peasant Galloudec, does sterling work alongside the sneering aristo of Rohin Brooks and the confused, abused and finally rebal lious slave of Carlton Chance.

Claire Armitstead

### cricketcall ( TVe International England v. Australia 🔏 0898 121 134 Live ball-by-ball commentary. LIVE coverage o 写)1214 **2)0898)** 16 Essex 14 Middlesex 50 Northants 24 Somerset 56 Warvicks 34 Gloucs 22 Hants. 69 Lancs. 42 Leics. 12 Sussex 60 Notts 55 Wores 44 Yorks 0898 12 14 40 ounty Scoreboard 0698 121 154 Minor Countles

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### povich. Mussorgaky, Shostakov-ich. Barbican (638 8891) (Thurs). Paris

8900) (Sun).

Christa Ludwig recital, with Charles Spencer (piano) (Mon) Théâtre de L'Athenée (47426727). Orchestre National de L'Ile de France conducted by Jacques Mercier. Saint-Saens, Saint-Denis Basilica (Tue) (42433097). Orchestre de Paris conducted by Claus Peter Flor, with Michel Beroff (piano). Bossini, Strauss, Dvorak (Wed) Salle Pleyel (4563)796). Jose Carreras with Lorenzo Babai (piano). Tosti, Turina, Falla, Massenet. Théâtre des

Champs Elysées (Thur)

### (47203637).

Erussele

Brussels Festival Orchestra conducted by Robert Janssens with Paul Danblon narrator. Prokofiev, Beethoven, Cirque Royal (Sat) and Cercle Royal Gaulois London Bach Orchestra, with the Ragian Baroque Singers. Nicholas Kraemer, (harpsichord), Christopher Gillet (tenor). Purcell, Bach, Tippett, Queen Eliza-beth Hall (228 8800) (Fri). English Chamber Orchestra, European Communities Orche tra and Choir conducted by Jean Jakus with Sabelle Kabatu conducted by Heinz Holliger (oboe), with Ursula Holliger (harp), and José-Luis Garcia (vio-

Wiener Symphoniker conducted by George Pretre, Mahler, Kon-zerthaus (Sun). Wiener Symphoniker conducted by George Pretre, Mozart, Polenc, Ravel, Stravinsky, Konzerthaus (Wed, Thur).

(soprano) Lieve Jansen (mezzo) Jan Caals (tenor). Mozart, Stam-itz and Vivaldi. Eglise Notre Dame do Sahion (Wed).

Orchestre National de France, as part of the French Academy-Roma Europa Festival, opens with Pierre Boulex conducting. Vares, Schoenberg, Webern and Stravinsky. Villa Medici (Thur) (967611/4744776/6544601).

Florence Carlo Maria Giulini conducting Brahms. (Wed) Teatro Comunale (2779236).

Amsterdam Melvyn Tan (piano). Schubert (Tue) Concertgebouw. Redio Philharmonic with choirs and soloists conducted by Edo de Waart. Wagner's Cotterdom-

### June 23-29

merung.
London Classical Players under Roger Norrington, with Melvyn Tan (piano). Schubert, Chopin, Mendelssohn (Thur) (718 345).

Washington Mostly Mozart, a five-day pre-view gives highlights of this year's month long festival in New York, with Beethoven and New York, with Beethoven and Bach as well as Mozart per-formed by the Festival Orchestra conducted by Gerard Schwarz. Kennedy Center, Concert Hall

### Chicago

Ravinia Festival. The summer bome of the Chicago Symphony opens the season with the Arditi Quartet performing Coulon Naccarrow, Gyorgy Kurtag and Elliott Carter (Mon) followed by Bartok, Schoenberg and Berg (Tue), Planist Ruth Loredo gives a recital of Scriabin, Rachmani-nov and Prokofiev (Thur). Highland Park (728 4642).

### Tokyo Malcolm Bilson (forteplano).

Anner Bylsma (cello). Beethoven: complete works for cello and fortepiano. Tokyo Bunka Kaikan, Recital Hall (Mon. Thur) (470 Elena Obraziskova (mezzo), with

Hail (Wed) (235 1861).

the New Japan Philharmonic Orchestra, Massenet, Saint-Saens, Glinka, Rimsky Korsakov, Tchaikovsky, Suntory Hall (Wed) (505 1010). Peter Dvorsky (tenor), with Ludovit Marcinger (plano). Sme-tana, Dvorak, Tchaikovsky, Mas-senet, Puccini, Verdi. Suntory

### **SALEROOM**

### Japan scoops Crown Jewels

There was high excitement in the London salerooms yester-day with both Sotheby's and Christie's disposing of rare, exotic, objects. Sotheby's appealed to the popular taste, offering in its Jewels for the Collector auction a replica of the Grown Jewels - in gilt

metal and paste.

Here they all are – the
Prince of Wales Crown; the
Great Sword of State; the Queen's Sceptre; the lot. And they will soon be on their way to Japan, having being bought by Miki Moto, the Japanese ewellery company, best known for its pearls, for £29,700, around twice the estimate.

Christie's was offering a much more erudite object — an orrery clock made by Jacques Castel in Paris in 1763. It was sold for £550,000, an auction record for a French clock. An orrery clock indicates the rough position of the sun, moon and planets relative to the earth, and this example is unusually accurate.

The price is a tribute to its owner, who bought it at the Mentmore Towers auction in 1977 for £40,000. There it had been dated to 1779 and the contribution of Castel, a distinguished scientist and "secré. taire du Roi," was unknown. But a thorough examination produced new luformation which considerably added to its importance and value.

The Christie's sale of French furniture produced s robust total of £3,360,775, with only 8 per cent unsold. Another Ment-more object, a pair of Venetian giltwood thrones of around 1700, removed from the Doge's Palace, which made £7,500 in 1977 realised £49,500 yesterday In 1848 Christie's sold them at the Stowe House sale for £7.10s to the dealer Nathan, who passed them on to Baron Mayer Amschel de Rothschild to help furnish Mentmore. Chairs from the same set are in the Wallace Collection.

Lady Ravensdale sold a Louis XIV ebony and Boulle commode, attributed to the workshop of the master, for £275,000, within estimate, while a Louis XVI ormolu mounted bureau supplied by Riesener in 1784 for Pigrais, an official at Versailles, made £154,000, donhle its estimate. A Louis XV Gobelins tapestry depicting a scene from Don Quixote and woven by Cozette around 1714.

was on target at £143,000. The jewels at Sotheby's totalled £1,633,830, with 15 per cent unsold, while a book sale contributed £914,375 and 13 per cent bought in. Its top price was the £165,000 paid for a copy of John Gould's "The Birds of Australia," in the orig-

inal 36 parts with 651 hand col-oured lithographed plates. Antony Thorncroft

### FINANCIAL TIMES

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Friday June 23 1989

# Isolation in Madrid

NOBODY CAN donbt the tenacity and single-mindedness of Mrs Margaret Thatcher. She is a conviction politician, but second nonn in that description has always proved as important as the first. In the past she has been prepared to compromise when necessary, in the dispute over tha "mod-ernisation" of short-range nuclear weapons in Europe, for

Rarely in more than ten years in power can she have experienced a greater conflict between her fundamental convictions and her political instincts than she will at the Madrid Summit of the European Community next week. The central issues for discussion at the summit will be economic and monetary union, and the draft social charter. For Mrs Thatcher, the only question is which of the two proposals is more unspeakable, hut in the agends and in importance it is the former

After forty years of experi-ence it should be burnt into the consciousness of a British Prime Minister that she may slow down an evolution on which all other members of the EC are resolved; she may influence its form; hut she will not stop it. It is true that in this case obdurate resistance can make it difficult for the others to proceed (since an amendment of the treaty will be required), hut they can - and ultimately will - find a way around British opposition. The only issues are how moves towards monetary union will occur and whether they will happen with the UK or without

**EMS** membership

If the UK were to commit itself to full membership of the EMS not too far in the future, the form and timing of economic and monetary union should be open to negotiation. Mrs Thatcher could then argue persuasively that there are elements in the proposals - nota-bly the attempt to impose tight control over the fiscal policies of member countries - that are at best unnecessary and at worst dangerons. What is more, she would find strong support for modifications of key aspects of present propos-als, as is clear from remarks than Mr Karl Otto Pöhl, president of the Bundesbank.

Meanwhile, the domestic arguments for commitment to

full membership of the EMS full membership of the EMS have become overwhelming. There is no prospect of reconstructing s consistent monetarism, however much the Prime Minister may pray for it. Meanwhile Mr Lawson's commitment to exchange rate stability, unsupported by the Prime Minister, is widely doubted in financial markets. In short, the Government's monetary policy Government's monetary policy has become an unguided missile, with results among the worst in Europe.

Lost opportunity

The time for membership was probably ripest in 1985/86, but this was far from obvious at the time. That opportunity having been lost, now would be quite as ripe as any time one is likely to see. It is when the pound is under downward ssure that full membership should help to lower inflation.

There is no need to wait until
inflation is down, which is like
saying that one should only put up an umhrella once the

rain has stopped. The best course would be to join on a wide band now, leav-ing open the possibility of sub-sequent adjustments if neces-sary. But, if delay there must be, let the Prime Minister commit sterling to entry by the end of 1990. By then it will be evi-dent that the abolition of almost all exchange controls in June 1990 has not caused the collapse of the EMS anticipated

hy some of her advisers.

The Prime Minister's position on the EMS, both intellectual and political, has become very peculiar. It is opposed by all who matter in her Cabinet. What is more, from the Euro-pean elections one can see that few of her countrymen are concerned about the sovereignty she is so anxious to defend. If resist she must, let that resistance be to the social charter, which is hardly essential and in certain respects far from desirable. Over European monetary co-operation Mrs Thatcher is now defending the indefensible and, without compromise, she will find herself enduring the unendurable: total isolation on a vital matter among the group of countries that bolds the key to the UK's

The teaching of **English** 

ONE OF THE main planks in Britain's new national curricu-lum was nailed into place yes-terday when Mr Kenneth Baker, the Education Secre-tary, published proposals for English study in junior and secondary schools. Mr Baker sccepted without reservation the recommendations of his English working party, which was chaired by Professor Brian Cox, the former critic of progressive education. The Cox report adopts a report adopts a middle-of-the-road postion: it urges rigour in English teach-ing, but rules out the reintroduction of formal grammar les-

Mr Baker's proposals coincide with a fresh outbreak of concern sbout declining standards. This week, BP, one of Britain's Isrgest graduate recruiters, complained that graduates are frequently unable to write unambiguously or concisely. It has to send many new recruits on report writing courses. The educational press recently ran stories about illiteracy at Oxford. Some dons are arguing that undergraduates' poor grasp of English is undermining their attempts to present clear argu-

Grammar lessons

Such anecdotes prove nothing. But one has the suspicion that similar complaints are not heard in, say, West Germany or Japan. At some point in the 1960s, English teachers began to pay less attention to the language demands children would face in adult life and put more emphasis on goals such as "personal growth" and "cul-tural analysis." Formal grammar lessons also fell out of favour. The result is that many adults do not know bow to

write standard English. Mr Baker says his proposals will be a milestone in levering up standards. It is bard to share his confidence. The Cox report is not a revolutionary document. It does not analyse what is wrong with present teaching practice and then outline a clear programme of reform. On the contrary, the implicit assumption is that schools are doing rather well already. The report is highly academic in tone and relatively insensitive to the needs of the

wider world beyond the school gates. Reading it, one has the sense of intruding on a private jargon-laden conversation between educationalists. The report is scornful of tra-

ditional grammar lessons, arguing that grammatical drills and sentence parsing are now recognised to be "mostly mechanical and uninteresting." But it offers nothing con-vincing in their place. The sophisticsted discussions of linguistic structure it advocates are unlikely to help children construct sentences and paragraphs. It is as though a maths teacher were to argue that children could understand quadratic equations simply by contemplating them rather than by working through con-crete examples.

Dialects championed

Much of the report can be Much of the report can be summed up by the phrase "the pupil is always right." Dialects other than standard English are doggedly defended. "It can only be confusing to a pupil," says the working party, "if features of dialect are 'corrected' at the same time and in the same way as, for example. same way as, for example, spelling errors." The approach discussion of when non-standard English is not appropriate. Children who do not speak standard English will not be expected to begin to write it until the age of 11 at the earli-est. Yet this could have the perverse effect of magnifying the differences between chil-dren from different backgrounds.

The report also seems anxious that English lessons should cover the maximum possible ground. The curricu-lum includes peripheral activities such as media studies and information technology. The traditional essay, it reckons, is much overrated. Children should "increasingly make their own decisions about their writing." One is almost sur-prised that pupils are not invited to invent their own

This accent on personal freedom is attractive in its way. School ought to be fun. But the risk is surely that this kind of curriculum will produce another generation of linguis-tic cripples.

# Kenneth Gooding and Nikki Tait on the bid for Consolidated Gold Fields

t is 19 months since Hanson, Britain's pre-eminent corporate acquisitor, last made a takeover. acquisitor, last made a takeover.
Any thoughts, however, that this
lengthy abstinence indicated permanent loss of appetite - or preparation
for a spectacular salf-liquidation
before Lord Hanson and his partner
Sir Gordon White reach retirement -

were dispelled yesterday by Britain's largest cash bid.
Hanson's £3.2bn all-cash offer for Consolidated Gold Fields, the world's Consolidated Gold Fields, the world's second-largest gold group, is almost Britain's biggest bid of any sort. It is outstripped only by the recent £3.5un cash-and-shares offer for Gold Fields by Minorco, an offshoot of the Oppenheimer family's South African mining empire. The failure of that offer, in May this year, provides the spring-board for Hanson's attempt. Talk of Hanson's interest in Gold

Talk of Hanson's interest in Gold Fields has circulated for years. The reasons are straightforward. On the one hand, Gold Fields offers clean hreak-np possibilities. It includes clearly-defined stakes in three associated mining companies, and a wholly-owned US mining operation called Gold Fields Mining Corporation. The role of deeler in corporate assets, after role of dealer in corporate assets, after all, is where Hanson's reputation has

been huilt. On the other hand, Gold Fields also owns ARC and ARC America, two unglamorous but profitable aggre-gates businesses. Hanson has shown something of a penchant for the building materials industry - mature, cash-generative operations with a strong market position. It already owns London Brick and Butterley Brick in the UK, plus parts of Kaiser Cement and some building products and lighting interests in the US, the

results of previous acquisitions.

The timing of Hanson's hid for Gold Fields suggests it has lost none of its takeover skills. The nine-month battle between Minorco and Gold Fields has established exactly what the regulaestablished exactly what the regulatory hurdles are, and given a good guide to the price that will hring victory. In the closing stages of the Minorco battle, 54.8 per cent of Gold Fields shares were assented to an offer of £15.50 a share (with only £11.25 in cash), before the bid was frustrated by legal action in the US. Hanson shareholders may find the group's reassertion of its takeover appetite reassuring. Certainly, over the past couple of years, there have been times when the Hanson legend, if not exactly tarnished, has lost a little of its glitter.

The problem has partly been one of size. As a deal-maker, the company has needed increasingly meaty acquisitions to maintain its momentum. After the extremely successful pur-

sitions to maintain its momentum. After the extremely successful purchases of SCM and Imperial Group in January and April of 1966 respectively, Hanson went on to buy Kidde, a highly diversified US conglomerate, for \$1.7bn in 1987. The agreed deal was amounced in August but only completed the following November completed the following November, after the stock market crash. Hanson faced the aftermath of the crash with significant (though far from exces-sive) gearing, and some commentators suggested that it might have overpald suggested for Kidde.

in the event, Kidde has proved a what less exciting in terms of the speed and size of payback than that achieved with SCM. But these combined factors, coupled with a declining enthusiasm for conglomerates generally, led the Hanson share price to underperform the stock market in 1987. It did little more than bump along in line with the average

between the crash and last August. Since then, however, matters have looked up. This is partly due to Hanson's disposals over the past year and a half. Sales have included HP Foods, Ross Young, Kidde Fire Protection, and most recently, the proposed flota-

last year (it moved to

Gloucester) and is currently

yet been taken to the point

according to its spokesman.

In short, it would be ideal.

where it cannot be undone,"

age on Cheapside as well, it already has such well-known

End of an age

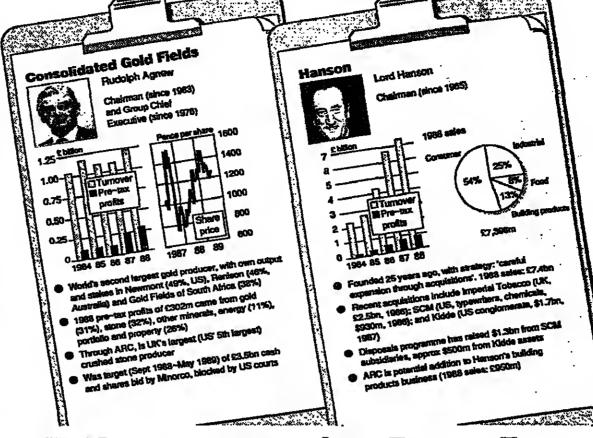
are reported to be darting for

the doors in a way that would have been unthinkable only

excuse that some of those seen

a few years ago. And it is no

being refurbished for letting.



# Hanson is back, and going for gold

tion of a majority stake in Smith Corona, the typewriter manufacturer. The effect has been to turn the group from modestly geared debt to net cash resources approaching £2hn. Approved corporate borrowing powers give Hanson access to sums many times that. But the company has fre-quently said that it saw few attractive takeover targets in what it character-ised as a selier's market. Does the Gold Fields deal suggest that Hanson has now changed its

that Hanson has now changed its mind, and switched from selling to buying? One analyst pointed out yes-terday that if high interest rates were to fall away towards the end of this year or the early part of 1990, Hanson would need to find some replacement for a substantial part of the group's earnings. The move from interest income to trading income may be

Many analysts appear to feel that the offer also contains a good bit of opportunism. "I never did put too much weight on those statements about a selier's market," says one analyst. "What they meant, was that companies were generally overvalned, but there are always areas and situa-tions which are undervalued."

Hanson is as cagey as ever over what might be sold and what, if any-thing, retained, if its bid for Gold Fields succeeds. "We will examine each of the businesses with the man-agers concerned," says Mr Martin Taylor, deputy chairman.

Analysts, however, believe that Hanson would retain the ARC operations, and would aim to sell the rest for as much as possible. Mr Mark Wellesely-Wood, head of the mining team at Kleinwort Benson Securities, reckons Hanson could raise £2.8bn from the sale of Gold Fields' other assets, giving it ARC at an effective

**OBSERVER** 

price of £1.1bn. That would be a good deal, since he estimates ARC's true value as at least £1.5bn.

value as at least £1.5bn.

ARC, already making a 22 per cent return on capital, is considered to be a well-managed husiness. But the "Hansonisation" treatment would be bound to improve its profitability, said Mr Wellesley-Wood.

The hreak-np arithmetic is simple. Gold Fields has three quoted associates; their value is therefore easy to assess. The 49 per cent shareholding in Newmont Mining, the US's biggest gold producer, could probably fetch nearly £1bn. The 38 per cent stake in Gold Fields of South Africa is reckoned to be worth about £300m; the 48 oned to be worth about £300m; the 48

The nine-month battle with Minorco established the regulatory hurdles and gave a good guide to the price of victory

per cent interest in Renison Consoli-dated of Australia should bring in more than £260m.

Buyers would not be hard to find: during its hid for Gold Fields, Minorco told the US courts it had potential acquirers lined up for all these interests and could dispose of them within six months.

ARC aside, the other major Gold Fields' asset is the wholly owned Gold Fields Mining Corporation. Analysts put a price tag of about £1bn on this. Minorco itself would certainly be in the queue of potential buyers if GFMC

is put up for sale. GFMC is probably Gold Fields' most successful division. In the past few

years it has grown from being the operator of a small gold mine in New Mexico to a major gold mining opera-tion with two substantial and very low cost mines in Nevada and California. It is expected to produce about 400,000 ounces of gold this year at a cash cost of \$111 an ounce. Along with ARC, GFMC was one of two Gold Fields' assets Minorco intended to keep if its bid had succeeded.

Even if Minorco ends np with GFMC, after a successful Hanson bid, the result will be very much a sec-ond-best outcome for it. One reason would be the loss of ARC and its strong cash flow. Another is the stra-tegic reasons behind its bid for Gold Fields. This was widely seen as an attempt by Mr Harry Oppenheimer and his Anglo American group to build up a substantial business outbuilt tip a singuantal business our-side South Africa. As a first step, new management was put into Minorco, previously a sleepy investment com-pany. This team — headed by Sir Michael Edwardes, a South African who is one of Britain's best known industrialists — intends to employ an industrialists - intends to employ an aggressive, hands-on approach to management of its assets Minorco intends to be

the world's main natural resources groups, concentrating primarily on precious metals and related businesses over which it has firm control and complete access to cash flow. Gold Fields, in which Minorco had a 29 per cent stake, was Minorco's main asset — but one where the manage-ment kept the South Africans furnly at arm's length. Minorco's bid for Gold Fields was the first overt indication that the new team meant busi-

Minorco subsequently instituted a reorganisation at Charter Consoli-dated, its 38 per cent-owned UK indus-

trial holding company, but because of the Gold Fields bid has not had time so far to turn much attention to its other assets. These include 30 per cent of Engelbard, the US precious metals marketing and refining group, 55 per cent of Inspiration Resources, a north American copper mining company and 48 per cent of Adobe Resources, an oil and gas concern. Some analysts suggest that Mr

Oppenheimer's strategy has been put back many years by Minorco's failure to win Gold Fields and the sale of its stake in the UK company to Hanson. Although Minorco would emerge with a profit of about £400m on its Gold Fields' shares, and collect about fibn in cash to add to its existing hoard of £1.3bn, it will not gain credihility until it proves it can put hility until it proves it can put together a major natural resources group. "The only natural resources they've managed to find in the past ten years is money," says one critic.

Mr Roger Phillimore, Minorco's commercial director and Mr Oppenheimer's godson, sees things differently, "The world is our oyster. We will look for good assets around the world," he says.

But even Mr Phillimore admits that one of the key elements in the

one of the key elements in the Minorco strategy will now take much

Minorco strategy will now take much more time to implement. If the bid for Gold Fields had been successful, Minorco would have widened its shareholder base and reduced the combined 50 per cent shareholding of Anglo and its sister company. De Beers, below 50 per cent.

Minorco shares have been trading at a 40 per cent discount on asset value so the company at the current price is constrained from Issuing or placing more shares to achieve the desired effect. However, Mr Phillimore points out that the discount is narrowing because of the Hanson hid and because Minorco is much better known as a result of the Gold Fields.

battle.

That battle was the biggest and among the most bitter and complex ever seen in the UK. Gold Fields won on a technicality but the celebrations when Minorco admitted defeat a month ago were muted. As Mr Gerry Grimstone, of J Henry Schroder Wagg, Gold Fields' advisers said at the time: "It is only the end of Act.

So there was almost a sense of relief at Gold Fields' headquarters in St James's, London, yesterday when news of the Hanson bid became pub-

The Minorco bid from the outset raised passions. It was surrounded by allegations of insider trading, and complicated by political questions such as whether South African groups should control important UK companies and whether Anglo was attempting to form some kind of gold productors, cartal Gold Fields will light the ing to form some kind of gold produc-ers' cartel. Gold Fields will fight the new bid on only one front – price. Many analysts suggested that the offer price of £14.30 a share was nearly enough, and that a small "sweetener" would win over the Gold Fields directors. "The market is indic-ating that £14.50 is about the right price, and after nearly nine months. price, and after nearly nine months most Gold Fields shareholdera are bored with the hid and would rush to accept," suggested Kleinwort's Mr

Wellesley-Wood.

The tone of Gold Fields' immediate response to Hanson is remarkably conciliatory and suggests that the board wants, if at all possible, to work out agreed terms.

Mr Rudolph Agnew, the target's chairman, says: "I intend to meet Lord Hanson to impress upon him the true worth of Gold Fields."

At that meeting, however, Lord Hanson will be left in no doubt that,

scarred as it is from the battle with Minorco, Gold Fields is ready to fight again to get what it feels is the right

### Notes from Madrid

■ This being Spain, preparations for the European Council which begins on Monday are far from visibly com-plete. Madrid is so far devoid of the usual preliminaries to great pomp and ceremony, except for round-the-clock work on a European village. A sign at the Irish cabin tries to explain the sport of hurling

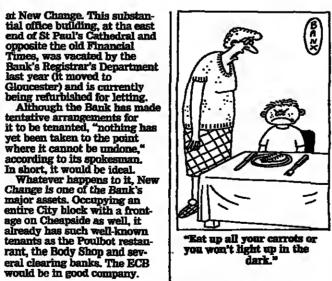
in 20 words. The West Germans proclaim: "Alemania is a country of forests," hut do not mention that some of them are dying. Britain claims to be "a country for all seasons," which will not convince the Spanish. The French stand is empty because its exhibits have been held up hy customs

at Madrid airport.
The last time Mrs Thatcher
visited Madrid she stayed with
the British Ambassador and is said to have suggested that he get a bigger house. This time she is staying at the Ritz, owned hy Trust House Forte, where her team has taken a whole floor. Chancellor Kohl of West Germany is staying at the same hotel, but two floors up. It is thought that they might meet in the lift. Spanish lifts have a mind of their own and can be very slow. Being on a lower floor, British officials say that the Prime Minister will be able to get in and out of the place faster than the German Chancellor. The temperature is expected to be around 40 deg

Suitable site

■ When Sir George Blunden, the deputy governor of the Bank of England, made his pitch last week for London to be chosen as the site for a future European central bank, he dwelt on the City's natural qualifications as a major finan-

cial centre. What he omitted to mention is that the City even has accommodation for it in the form of the Bank's own site



offending the other day were

Common Lord

■ This perhaps is the end of civilisation as we have known it. The practice of orderly queuing for the "drain" - the non-stop underground line between Waterloo Station and the Bank - is breaking down. For decades there has been an unspoken agreement that, however large the crowd, pas-sengers chose their queue and stuck to it. Each queue starts at a point on the platform where a carriage door will open to let passengers in. Sometimes the queues stretch almost into the station. It was totally beyond the bounds of convention to switch to another queue that looked shorter or was moving faster. Not any more. Passengers

■ There is a common assumption that Lord's, where the second test match might just about stretch into tomorrow, has some kind of aristocratic background. Not so. The ground has nothing to do with the House of Lords. It is named after a Roman Catholic, yeo-

man Yorkshireman called Thomas Lord, whose family lost its land for supporting the 1745 Jacobite rebellion and for opposing parliament.

Lord fled south to Norfolk, then to London, where cricket was fashionable enough by was assimptioned another in the 1780s to support numerous clubs. He earned a living by working as a general helper and groundsman at one of these, the White Conduit Club, which played on Islington Fields

Lord leased Dorset Square for the club in 1787 and

enclosed it as a cricket ground. In good Catholic style, he became a wine merchant and was soon supplying the King and Court. Dorset Square earned money from pigeon shooting, athletics, even a hal-loon ascent, as well as cricket. In 1811 the rent rose. Lord

dug up the turf and took it a bit further north to make a new ground. In 1813 the Regent's Canal was con-structed right through the playing field. Lord dug up his turn for the last time and made his third cricket ground in St John's Wood Road, where it

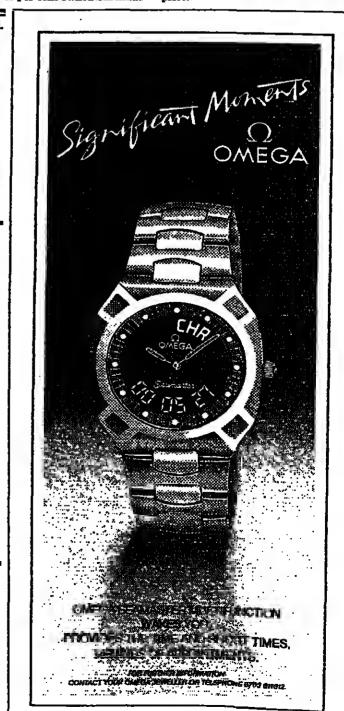
Over to Delors Although not once men-

tioned by name, Jacques
Delors was widely seen as one
of the the chief targets of Margaret Thatcher's controversial garet Thatcher's controversual Bruges speech outlining her vision of Europe last Septem-ber. It is therefore appropriate that the equivalent speech at the Royal College of Europe this autumn will be given by the European Commission's

It is not quite the right of reply. Professor Jerzy Luka-szewski, the college rector, says Delors was in any case an obvious choice given the new Commission team installed in Brussels at the beginning of the year. But he admits he felt that "it was only fair to ask him," given the sharp criticisms he was subjected to by the British leader Like Thatcher, Delors will be marking the beginning of the academic year.

Free speech

A senior diplomat from the Soviet Embassy in London turned up at Chatham House to hear Dr Andrei Sakharov denounce the continuing lack of democracy even in Mikhail Gorbachev's Soviet Union. Asked what he thought of the speech, the diplomat shrugged: "Ours is a free country," he said. "Anyone can say what they like."



rs Margaret Thatcher has been proved wrong about the British electorate's attitude to Europe. Her own John Bull nationalism is wrong for Britain. She is likely to be proved wrong about disarmament, and particularly about short-range nuclear missiles. Will she also turn out to have been wrong about South Africa? Pos-sibly, hut not certainly.

The reason that I cannot offer a

simple yes or no answer lies in the nature of the role that Britain's Prime Minister has adopted. If you regard the US, with its relatively stringent sanctions, as the heavy interrogator, then Mrs Thatcher, with her strong line against punitive sanctions, is the other cop — the one that offers a cigarette. She is mistrusted by the majority of politically articulate Africans, and particularly by the African National Congress, for precisely that reason. The Foreign Office doesn't think all that much of her, either. It is she who is widely regarded inside the she who is widely regarded inside the republic as the white population's best friend in the West; it is President Bush who is even now receiving a atream of black campaigners, from Archbishop Tutu to Mrs Albertina Sisulu, in the White House.

The utility of this role depends upon what happens next. Mrs Thatcher could fall into one of history's traps. She could find herself playing the role of appeaser of the National Party Government as it fights a rearguard campaign to retain as much white power as possible for as long as possible. That would be a mistake. The accompanying graph shows where the future lies more clearly than could any words of mine. If Britain becomes too closely identi-fied with the maintenance of white power it will have alienated non-white opinion in a country that is destined for non-racial - that is black - government. In that circumstance Mrs Thatcher would be regarded as the Prime Minister who chose the losing

Prime Minister who chose the losing side in South Africa as in several of her other forays into foreign policy. There is another way of looking at it. Mrs Thatcher is famous for her practicality, her belief in getting things done. She therefore prefers to deal with those who have the power to change things. That means talking to the white South African Government and business leaders. This requires that and dislomancy characrequires tact and diplomacy, charac-teristics not always ascribed to her, but which she does manage to display in her dealings with the republic. She has used this to press, in private, for the release of some political prisoners, and to help save others from the gal-lows. Her officials have encouraged British businesses to stay in the republic - but also urged that they take part in social responsibility and black advancement programmes, as many of them do. She regards getting South Africa right as a long haul, which will take many years of step-by-step advance. What she has avoided is what her supporters would

call gesture politics.
It is therefore likely that she will be at her least bombastic when she meets Mr F.W. de Klerk, the leader of POLITICS TODAY

# An African trap for Thatcher

By Joe Rogaly

the republic's National Party, today. I suspect that she harhours modest hopes that her visitor could turn out to be the Afrikaner Gorbachev who

estructures his country. The trouble is that the odds are against such a happy outcome. Mr de Klerk's principal known merit is that he is not the dour Mr P.W. Botha, who is refusing to relinquish the office of President until after September's white elections. Like Mr Botha, Mr de Klerk is a conservative who has promised reform. Yet he has no reformist record. He is more affable than his predecessor, but there is no evidence to suggest that he has sufficient leadership qualities to meet current expectations. Let us, however, give him the benefit of the doubt. Let us

Open reply to Joe Rogaly Last week Joe Rogaly wrote an open letter to Sir Owen Green, chairman of BTR. Sir Owen replies on page 12

also assume that the National Party wins in September, although the Conservatives (white supremacists) on its right and the Democrats (democrats) on its left are both expected to eat

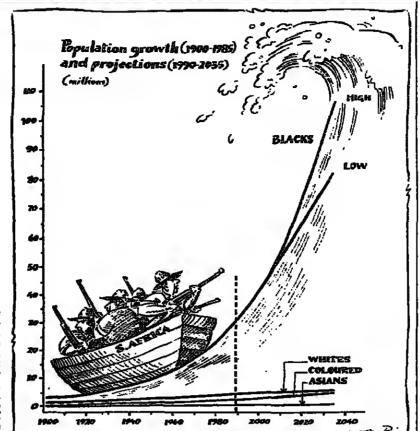
into its majority.

Now consider Mrs Thatcher's enda for today. At the top of the list is Namibia. The peace accords have worked so far, but there will be many tense moments before the process is complete. The Prime Minister's office is in regular direct contact with the British Ambassador to South Africa, Sir Robin Renwick, so that she can do her bit to ensure that the Namibian flag is raised on schedule, Sir Robin is an excellent Thatcher operative. He is intelligent, amusing, energetic, and gets results. It is unfortunate that the head of state and Government of the new republic will almost certainly be Mr Sam Nujoma, of the South West African People's Organisation, but lit-tle can be done about that.

There is piquancy here: it would be the second time (the first was Zim-babwe in 1979) that Sir Robin and Mrs Thatcher have worked together to facilitate a process whose end result was the arrival in office of a black was the arrival in office of a black nationalist of whom I am sure neither wholly approves. Mr de Klerk's role in Namihia will not properly start until September, but he should be able to promise not to upset the apple-cart, if it is still standing then. Whether he can deliver on a related matter — the South African undertaking to desist from supporting the Renamo rebels in Mozambique — is another matter, but it is likely that he will try, and that he will come round to a meeting with

President Joaquim Chissano. So far, so good. The second item on Mrs Thatcher's mind is the release of Mr Nelson Mandela, who has now been in prison for a quarter of a century. Mr de Klerk may well promise to set Mr Mandela free after the election, but it is by no means certain that he will start off with a genuine release. He is more likely to try to phase it. One reason is the attitude of the republic's security services. Mr Botha's legacy is that nobody can run the republic without the co-operation of the army and the police. Mr de Klerk's ability to bring these forces under total civilian control remains to be tested. There is also a visceral fear of Mr Mandela's probable crowd-pulling powers, which in private Cape Town conversations is called the "Khomeini effect." Yet without liberty he can hardly take part in negotia-tions on a new constitution, which is the purpose of the exercise.

Once again, give the benefit of the doubt. Assume that the Mandela hurdle is jumped by an agile Mr de Klerk. The next would be the lifting of the emergency regulations under which the republic is currently governed. After that would come the legalisa-tion of the African National Congress and the return to South Africa of its exiled leaders (assuming that they are persuaded by then to make an Arafat-like pronouncement suspending their "armed struggle"). You will see that there are many opportunities for Mr



de Klerk to fall short of expectations even before be achieves the minimum that London-Washington-Moscow

expect of him.

That minimum, which he himself is likely to assure Mrs Thatcher in broad terms is also his aim, is an open-ended negotiation with genuine black leaders - not puppets - on a new constitution for the republic. If he does get that far, he may be told in Downing Street this morning, the British Government will then do its best to provide him with a breathing-space in which to hold the negotiations. That does not mean lifting existing economic sanctions. It could mean something more valuable to Pretoria: a general reassurance to the effect that South Africa seemed to be on the way to solving its problems.
Once Mr Mandela is free, Mrs.
Thatcher may feel able to visit South
Africa herself, she could make her breathing-space speech in the same parliament that Mr Harold Macmillan addressed when he spoke thirty years

ago of a "wind of change"

The pay-off could be a better climate for future inflows of private capital since at present the sanction that is hitting the republic hardest is the commercial decision by banks to keep

their money away.
Thus Mrs Thatcher's pet project is an exceedingly precarious enterprise. The principal danger lies in Mr de Klerk's approach to reform, which could be construed as quasi-apartheid. He wants to maintain racially sepa-rate population registers, residential areas and schools; his offer will be to allow some to be open while most remain segregated. There will be talk of "group" (tribal) rights and "no one group dominating the others" but as Mrs Helen Suzman said as we lunched overlooking Table Mountain on Tuesday, the bottom line is continued

white political predominance.

Mrs Suzman is the South African whose thinking is regarded by Mrs Thatcher as closest to ber own. She is totally against sanctions and critical of the ANC and its allies, although sbe could happily imagine serving under Mr Mandela Like the newly formed and thriving Democratic Party, one of whose components is the Progressive Party that Mrs Suzman kept alive for many years, she pro-pounds a normal western constitution, albeit with safeguards like a bill of rights, proportional representation,

a senate, and so on.
Again, a recent paper by the Afrikaner Broederbond postulates a future in which "the majority of the govern-ment members will indeed be black" hut argues against a simple substitu-tion of black control for white control. It must not be possible to change the new arrangement without the approval of the majority of whites, says the Broederbond. Is this genuine power-sharing, a black government with safeguards for whites, or a disguised form of political apartheid? Mr de Klerk is going bome to address his party congress and publish what his associates say will be the National-ists' most liberal manifesto ever. Read the small print but remember - it is a white election, in which the Akrika-ner vote will be crucial. When it is over, we will be better placed to judge whether Mrs Thatcher has a useful role to play in the republic.

### LOMBARD

# An opportunity for India

By David Housego

LIVING in a large country, absorbed with their own affairs, Indians pay too little attention to what is happening beyond their borders. But events in China have been filling the front pages of the Indian morning papers.

Privately, a good many Indians have been crowing over the misfortunes of their large neighbour, with whom they have often been in conflict and competition. The more thoughtful have taken China's upheavals as a reassuring sign of the strength of India's demonstrations.

cratic institutions. For whatever the failings of Indian democracy - and Indians are the first to find fault with the corruption and inertia of their system - it has pro-vided a stability that would be the envy of many countries. No projection on India's future prospects includes the type of disruptions to economic growth that have occurred in China.

A few Indians go further. They believe that China's catastrophe gives India a golden opportunity - the chance to take over from China the role it was establishing as a low-cost manufacturing cen-tre in the global chain of production.

Up to now, India has not gained substantially from the rise in labour costs and the appreciation of currencies in east Asia which have diminished the competitiveness of Japan, Taiwan or Korea as manufacturing centres. Electronics, textiles, garments, toys, automobile components and engineering industries have preferred to shift production bases to China, Thailand, or eisewhere in sonth-east

With intra-regional trade and investment growing between Japan, the Chinesespeaking world and south-east Asia, their economies had begun to reinforce each other - with the risk that an India growing faster than It has in the past would none the less get left further behind. The bloodshed in China has obvi-

ously given this process a jolt. Indian industry was unable to benefit from these global trends because it was surfacing from a long period of protected

aod poor quality. Notwith-standing India's competitive advantages (a depreciating cur-rency, low-priced labour and a large pool of engineering and managerial talent), foreigo multinationals have been reluctant to invest on a large scale because of India's com-plex regulations and hureau-

A sea change could be in the making on both counts. Dere-gulation and growing competi-tion are stimulating Indian companies to pay more attention to quality and price. More and more are building plants and conceiving products designed to compete interna-

tionally.

A falling exchange rate and tax exemption oo profits make it increasingly worthwhile to export. The export manager of one of India's largest groups says: "We are at the beginning of a ride which could be

hreathtaking."
In line with this changing environment, it is possible that the private sector will be brought in to improve roads, ports and power generation, which have proved serious bottlenecks to industrial growth.

Equally, foreign multinationals in India are benefiting from increasing deregulation. India is campaigning for more for-eign investment, to provide more technology and cheaper equity investment. To judge by off-the-record comments from senior officials in the Finance Ministry, big changes in India's foreign investment regulations are in the offing.

Opportunities do not last indefinitely. China's upheavals provide a window of opportunity for India that could last for between one and two years. To seize the unexpected almost unbelievable - chance it offers, the Indian Govern-ment and corporate élite have to show rapidly that the col-ours under which toey wish to fly are those of international competition. What China and south-east Asia are prepared to accept, India must be prepared to accept too.

An election year is a difficult time to accelerate the move to market oriented economics Things move slowly in India. Possibly nothing will be done. But it is not inconceivable that something could happen.

### **Disputes** in public

From Mr P.D. Jones.
Sir, "Strikes and the Law"
(June 16) suggests "mandatory
conciliation and arhitration" in public services disputes. In this connection, may I draw atten-tion to the present Governarbitration for its own employ-

Since 1979, arbitration has been almost non-existent in the civil service, despite the con-tinuation of tried and trusted far failed to appreciate the arbitration arrangements dat-ing back to 1926. We have had bright postgraduates seeking only one important arbitration an academic career.

case in the past decade (in Mr Jackson admitted to me in a written parliamentary

numerous civil service disputes, arguing that this is an intolerable restriction on its freedom to "manage" (that is, control by diktat) civil service industrial relations. I think you will see from this what kind of reception your proposal for mandatory third-party intervention in public services dispute is likely to receive from the present Government. Peter Jones, Secretary, Council of Civil Ser-

vice Unions, 58 Rochester Row, SW1

### Net cast for Dockland skills

From Mr Iqin Mackinnon.

Sir, Your article about skills training in Docklands (June 14) gives a grossly misleading impression about what is going on. The report wall quote on. The report you quote reports only on Skillnet's first year - 1986-1987; already three years out of date.

Of course we made mistakes in the early days, and we have learnt from them. But we have also scored some substantial successes, including leading some people up to university entrance. I have a talented and rommitted team, with realistic plans in hand to make a real contribution in Docklands.

lain Mackinnon, Director, Docklands Skillnet, Isle of Dogs, El4

### The brain drain is no myth

From Mr Andrew Smith MP. Sir, I was pleased to see that Mr Robert Jackson, the Higher Education minister, now con-cedes (Letters, June 13) that there is a problem of many younger academics unable to find permanent appointments in Britain, and of senior aca-demic "stars" tempted by the climate of freedom and expanment's consistently hostile atti-tude towards conciliation and arbitration for its own employ-arbitration for its own employstanding his earlier character-isation of the "brain drain" as

a "myth."
The Government has thus

1982); this was very reluctantly accepted by the Government as answer on February 9 this year part of the settlement of our five-month long dispute in 1981.

Since 1982 the Government has consistently refused either conciliation or arbitration in a written parliamentary answer on February 9 this year that of approximately 28,000 full-time university lecturers in the UK, a mere 1,247 were under 30 in 1987-1988. That is just 4.5 per cent. Only another 8,000 were under 40.

'On the brink of unthinkable difficulties' Sir, Timothy Raison MP (June 14) considers that it is "wise, if tough" not to restore

Hong Kongers' right of abode in the UK. Certainly it is tough on Hong Kongers, who have never been given democratic expression on any nationality or political question by the UK. But as a domestic UK political position it is feeble - and in many

respects perilously unwise.
A Government which claims credit for taking necessary unpopular decisions risks com-plete discredit at its unwillingness to face up to its respons bilities in Hong Kong. The callousness and ineptitude of refusing full British passports now, while "reassuring" Hong now, while "reassuring" Hong Kongers that they would be admitted as refugees once the territory is no longer a UK responsibility, will alienate not just people in Hong Kong, but many of the Government's natural compositors in the III.

ural supporters in the UK. We have reached the point where the Government openly admits that it is dealing inequi-tably with 5.5m citizens, and seema cynically to presume that it can get away with it. Hong Kong atands on the brink of unthinkable difficulties, 100,000 of Hong Kong's ablest and wealthiest people are likely to try to emigrate in the coming year, capital out-

The loss of young academic talent and brilliance, as well as the consequent damage to both higher education and, ulti-mately the economy, is obvious from such figures. Little wonder that 10 per cent of all newly qualified science PhDs leave the UK, when opportuni-ties are so limited.

As you say in your own edi-torial on the same day, the net-outflow of academic "stars," confirmed by the recent study of the economists' brain drain, has been a significant cause of demoralisation in the universi-ties throughout the 1980s.

It does not surprise me that he scorns tha anecdotal evidence for such an outflow, because the evidence is indeed gloomy. The New York Times reported last November that hard times in British higher education had driven 200 British professors to the US in the last five years, tempted by higher salaries and the "pessimism and demoralisation that pervades many universities."

attracted to our shores, at least matches that of those who have been leaving. Andrew Smith, House of Commons, SW1 flows and dislocation in the property sector may knock on to liquidity in the banking sys-

tem; inward investment is endangered, international bank lending already curtailed. The grudging consent with which Britain now rules Hong Kong is turning to embittered resentment. This in itself is damaging to the UK's east Asian commerce; Hong Kong businessmen will shun the

country which will not stand behind them. Fear and suspicion of surveillance by Communist agents is rife among a demoralised population. The situation can easily tip over into a spiral of decline, spoiling that "golden egg" of prosperity which the UK government, in crassly "incentivised" terms, has always said. would ward off Peking interfer-

ence - thereby begging the question of what would happen

post-1997 if Hong Kong did not perform economically. The UK Government's position is both morally and economically indefensible, destined to redound grievously to the UK's discredit. For over 30 years we have failed to grasp the nettle of fundamental reforms in Hong Kong. The heart sinks to read Mr Raison

repeating the old disaster of "No desperate need for haste". Is 1997 "still some way off" when it is no further away

than one job change or house move in many people's plan-ning? As the deadline approaches, the sight of a Gov-ernment prepared to take mas-sive political risk in recovering the homes of 2,500 Falkland Islanders at a cost of billions of pounds, but absolutely none in guaranteeing the future safety of 5.5m Chinese Britons, fills one with profound dismay. Thomas Brown, 45 Barkston Gardens, SW5

From Mr Brian Muirhead. Sir, 'The "lease" for the territory of Hong Kong expires in 1997. But the people of Hong Kong are not subject to any lease; they are not pawns to be transferred into the sovereignty of whomsoever Britain decides. A fundamental principle of international law and justice, ranking before territo-rial property rights, is the self-determination of peoples.

This principle has been instrumental in the de-colonisation of many countries. Why were the people of Hong Kong denied self-determination? To agree to hand over Hong Kong citizens into the hloody hands of the current Chinese dictatorship, without a referendum or vote, is as undemocratic as using tanks in Tiananmen Square. Brian G. Muirhead

56 Bolingbroke Road, W14

Mr Jackson'a claim that "rigid national pay structures" in the universities are the prime cause of declining aca-demic salaries is preposterous from a representative of a Government which has cut the average UK university lecturer's pay in eight out of the last 10 years, relative to the rise in average non-manual earnings. His only suggested solution to the problem of low academic pay has been to advise lecturers to fall back on "moonlighting."
Now that Mr Jackson has finally acknowledged the existence of the brain drain, his Government must come forward with the resources necessary to invest in the future of teaching and research and to tion, thereby ensuring that the quality of those retained and



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JAPAN, INDIA AND BRAZIL PUT BALL BACK IN WASHINGTON'S COURT

# 'Unfair traders' refuse meetings with US

JAPAN, Brazil and India, the tbree countries targeted as "unfair traders" by the US, all formally refused yesterday the bilateral consultations for which the US is calling under its controversial new Trade

Their common refusal, which follows on the general outcry against the US action in the council of the General Agreement on Tariffs and Trade on Wednesday, put the ball squarely back in the US court, Mr Rubens Ricupero, the Brazilian ambasssdor to the

Mr Rufus Yerxa, Deputy US Trade Representative, took a more conciliatory attitude to

r Todor Zhivkov, Bul-garis's president, seems to have con-

cluded that glasnost and ethnic Turks do not mix.

Sofia's ageing leaders, who tong insisted that they had

introduced perestroika in 1956,

were slow to respond to Soviet President Mikhail Gorbachev's

Only gradually did they come round to the view that the Bulgarian version of glas-

nost needed updating. But not too much updating, and espe-cially not on the ethnic Turk-

ish minority issue.

At the beginning of this

year, the anthorities gave sev-eral independent human rights

groups permission to operate.
These groups quickly tested
the sincerity of the regime and
the limits of glasnost.
Two of them, the Association
for Vienna 89 (based in Raz-

grad in the north-east of the country) and the Moslem Ini-tiative Group (based in Kurd-

tiative Group (based in Kurd-zali, in the south) began speak-ing up for the 900,000 ethnic Turkish minority.

They demanded that the minority, which makes up 10 per cent of the 9m population, be granted rights such as access to Turkish-language schools, newspapers and books.

books.

The movements were joined

by hundreds of Turks, many recently released from prison for protesting against the

assimilation campaign of 1984-85 in which Turks were

forced to adopt Slavic names

and Bulgarian customs.
In an unprecedented show of

determination, ethnic Turks

staged hunger strikes and dem-onstrations in May, perhaps encouraged by the European

buman righta conference in

But the parameters of Bul-

garian glasnost were quickly defined. The leadership – nota-bly Mr Dimitar Stoyanov, the Interior Minister – deported the protest organisers, who were branded "trouble-makers" or "Modern fanctics"

or "Moslem fanatics."
Mr Stoyanov is no amateur

in dealing with the ethnic Turks. During 1985, as police chief in Kurdzhali, which has the highest concentration of

that previously voiced in Washington. He said that the US was prepared to pursue its case against Brazil under the aegis of the Gatt, including through its dispute settlement

mechanism, if necessary.

Tokyo bsd not formslly placed the US action against Japan on the council against Japan on the council agenda. But in India's case, Mr Yerxa said the issues concerned were being negotiated in the Gatt's trsde-liberalising Uruguay Round. The US wanted to pursue separate bilateral talks, but its position in such talks would be "entirely consistent" with its objectives in the

ound. Japan, the satellite, super-However, several heads of computer and forest product

Limits to glasnost in Bulgaria

the background to Bulgaria's policy.

An ethnic Turk sits with his president among their po-

as they wait to cross the Bulgarian border at Kapikule

A flood of Turkish-speaking Moslems have left

Bulgaria for Turkey - under varying degrees of

duress - in the last few weeks. Sofia officials

said yesterday the number, already over 50,000,

might rise to 300,000. As President Todor Zhiv-

kov heads for Moscow, Judy Dempsey explains

delegations to the Gatt retorted that it was not enough for Mr Yerxa to talk softly in Geneva while Mrs Carla Hills, the US Trade Representative, contin-ued to brandish the crowbar of unilateral sanctions in Wash-

The so-called Super 301 clause written into the Act by Congress requires the US Administration to identify countries which maintain the strongest barriers to US exports and to negotiate the obstacles swsy under the threat of sanctions and to a fixed timetable, in which the first stage is bilateral talks. markets of which have been singled out, told the Gatt council yesterday that it had "no intention of negotiating under

Mr Yoshio Hatano, the Japa-nese ambassador, said the US Super 301 approach of conducting bilataral negotiations against the backdrop of a possible resort to retailation provided "unnecessary cause for resentment and friction."

It obstructed efforts to address the issues in a con-structive manner, he declared. Brazil, under US attack for its import restrictions, said it could not accept bilateral con-sultations in the framework of the internal law of another

feared the passports policy might soon be reversed. It is hard to discern Sofia's

motive. The rapid growth in the ethnic Turks' population

(Ankara estimates them at

1.5m, while Bulgaria acknowledges about 900,000 "Moslem"

citizens) must long have been seen as a threat by the Bulgar-ian leadership.

Having failed to assimilate the community, the Bulgarian leadership may have calculated that a steep reduction in their

numbers would ease the per-

But the exodus of Turks,

who range from dentists and

engineers to farmworkers, is exacerhating Bnlgaria's already serious labour short-

Having set the exodus in motion, Sofia may now fear that the numbers will get out of control. But if it withdraws

passports now it could face fur-ther strikes and demonstra-

Sofia could in theory stem the exodus by making some concessions to Turkish culture:

hnt that seems impossible under the present leadership,

since it would involve admit-ting assimilation had failed, and backing off the official line

that Bulgarian Moslems are

not Turks - merely Slavs whose ancestors were forcibly

ties may really be hoping, rather naively, is that the

Turkish anthorities will be

forced to close the borders out

That way, Bulgaria would keep its Moslem citi-zens – and Sofia would have a

freer hand in dealing with them; moreover, Western criti-cism could be deflected from

Sofia to Ankara. But for the moment, Mr Tur-

gut Ozal, Turkey'a Prime Min-ister, shows no sign of blinking

first. His government has mounted an anormous relief

So Mr Zhivkov is in a tricky

situation – and he may receive some blunt advice from Mr Gorbachev, during a visit to

Moscow that starts todsy, about how to dig his way out.

of economic necessity.

What the Bulgarian authori-

ceived threat.

country. Adequate solutions could be found within the available international norms and mechanisms.

India said that by threaten-

ing unilateral US retaliation. the US aimed at securing changes in domestic policies which were crucial to the real-isation of its development

isation of its development objectives - economic growth and the removal of poverty.

"We cannot accept dictation on these matters from any source," Mr Bal Krishan Zutshi, India's ambassador, said. He stressed that the areas singled and but the IIS - foreign ne stressed that the areas sin-gled out by the US - foreign investment and India's closed insurance market - were not currently covered by Gatt.

# nesses of two adversaries par-ted against each other in a dead-end struggle. Gold Fields' board must be acutely conscions that its share price is languishing around £12.50 after the major-Tehran and

By Quentin Peel in Moscow

Moscow

bury their

differences

THE SOVIET UNION and Iran yesterday buried their often bitter differences, and pledged good neighbourliness and non-interference in each other's internal affairs.

er's internal affairs.
Ali Akbar Hashemi Rafsanjani, speaker of the Iranian
parliament and acting head of
the armed forces, in Moscow
on a state visit, launched a
campaign to end his country's
international isolation after
the funeral of Ayatollah Khomoini

For his part, Soviet President Mikhail Gorbachev confirmed the willingness of the Soviet Union to supply Iran with arms, and even promote religious exchanges. In return for this Mr Refsan

jani gave an almost effusive commitment to seek political settlements to conflicts such as that in neighbouring Afghanistan, Mr Rafsanjani was treated throughout the visit almost as

a head of state. However, the one false note in the summit was the failure to finalise an agreement on restarting Iranian supplies of natural gas to the Soviat

That deal, apparently still blocked by a failure to settle the price and terms of barter for Soviet technology and equipment in exchange, would provide solid underpinning for a range of general economic agreements also signed by the

twn leaders. Mr Rafsanjani suded his two-day official visit with a commitment to "good-neigh-bourly relatinna" with all neighbouring countries and a repeated endorsement of the principle of non-interferen That applied equally to Afghanistan, to any sugges-tion of rising Islamic funda-mentalism in Soviet Central

Asia and to the conflict in Leb-He said Iran wanted "healthy, sound relations" with all other countries, excluding only "two or three which have a bad position, nr because the essence of these regimes is illegal." In that cat-egory he named only Israel and Afghanistan.

However, on the question of Ayatoliah Khumeini's death sentence on the anthor Salman Rushdie for alleged hlasphemy in his book, Satanic Verses, he remained resolute. "We cannot in the name of

God Almighty reverse that

prescription.
"The West does not understand this question. It was a prescription according to the Sharia [Islamic law], and not a personal opinion," Mr Rafsan-jani said.

The Soviet Union is certain to welcome the commitm non-interference hy Mr Rafsanjani, not only in Afghan-istan, but also in Soviet Cen-tral Asia, where Moscow remains deeply concerned about the threat of Moslem

However, the Iranian leader did not go so far as to endorse contacts between the Alliance of Eight Afghan Shia opposition groups, supported by Iran, and the Soviet-backed government of President Natibullah in Kabul – a disap-

pointment for Mr Gorbachev. Throughout the Iranian visit indications were that both sides were determined to make maximum political capital from their rapprochement.

In the joint declaration both sides agreed to co-operation across a range of economic areas, including the peaceful use of atomic energy.

On defence, it states: "The Soviet side is ready to co-operate with the Iranian side in strengthening its defence capacity" - tacit confirmation of an arms deal signed in April, for the supply of tanks, armoured vehicles and artil-

# Hanson's golden

# opportunity

lt would ba a gross exaggeration to suggest that Hanson's 23.1bn bid for Consol-idated Gold Fields is a minor diversion. Yet it is hard to believe that this is going to be the mega-bid which is going to occupy Lord Hanson for the next three years. It is a typi-cally opportunistic move by an establishment corporate raider intent on exploiting the weak-nesses of two adversaries pit-

ity of its shareholders accepted a bid of over £15 from Minorco only to have it blocked by the company's own artful man-oeuvring. Meanwhile, Minorcouvring. meanwhile, Minorco's long-term ambitions have been stymied by a legal battle which could take years to resolve. Something had to happen, and Hanson is the catalyst.

However, it is exacting a pretty high price. Gold Fields' shareholders will almost certainly not get as much as they would have done if they had done a friendly deal with Minorco. It was always worth Minorco. It was always worth more to it than anyone else. By the same token, Minorco must have been pretty desperate to get rid of its stake if it had to agree not to benefit from the extra 50p or so that Hanson will probably have to offer to clinch the deal. It has ensured that the higgest competitor of its South African parents will be dismembered, and has an extra £1bn in its kitty. But it has falled to dilute its South African ownership and has still to prove that it can develop into an effective international natural resource group. natural resource group.

Maybe, Minorco's generosity towards Hanson will be rewarded by being given first pick of any asset sales. Indeed, it would be surprising if Hanson had not already lined up likely bidders for the gold assets. Renison's titanium business may be retained but business may be retained, but sensitivity to commodity price fluctuations is not part of Hanson's strategy, and apart from ARC there is not much else Hanson will want.

Gateway

Mr Monk may congratulate himself at the excellent value he is getting for shareholders; but to outsiders yesterday's hastily convened anction for Gateway looked more like egos running riot. Newgateway and its scores of top notch advisors

2400 (00 - 1255) 1600 1200 600 400 200 Cons. Gold Fields

evidently could not bear to let Isosceles win and are bidding a fancy price to try to stop it. The odds are heavily, but not overwhelmingly, against them. For Isosceles' to travel the remaining short distance to 50

per cent will mean explaining how its 130p is somehow better than Newgateway's 135. So far so bad: Isosceles says its cash can be had at once, but that is hardly an advantage when the other side is offering more in the market. The value of the equity stub is a more promising discussion point, but as that has actually gone down with the higher bid, any humper estimates of value will make the initial 15p estimate look irresponsibly low.

For the time being, there is

no reason why shareholders should do anything. The price is underwritten at 230p, and it is just possible that Newgateway will go higher still to break the deadlock. It was remarkable how many chose to sell yesterday, but then the market has made the mistake of selling too early all the way

It all looks like leading to a stalemate, which would hurt everyone, especially Gateway's limping business. Isosceles may not be allowed by the Panel to back down, while for the mighty Wasserstein Perella to sell at a loss to Isoceles would be an intolerably humiliating defeat.

Goodwill

The present treatment of goodwill in the UK makes a nonsense of the balance sheet; but the new method being pushed by the Accounting Standards Committee threatens to do the same to the P and L. The ASC argument is that goodwill represents the ability to generate profits and that, as it does not last for ever, it should be written off against

profits over time. As every other civilised country amor-tises goodwill, the UK should fall into line, in the interests of international accounting par-

At second sight, however, the scheme is longer on neat-ness than on logic. There is no economic event during the economic event during the year that the portion of written-off goodwill relates to; the length of the period is entirely arbitrary and, in any case, it is unclear why combined profits should fall when two compa-

nies merge. Finance directors have a lesc the draft: it will devastate their figures. Saatchi's earnings, for instance, are cut in half under GAAP and, even though the footings of its US balance sheet are more than five times as big, it is still earnings that the market watches. If the ASC gets its way, the result could be a strong rerating of those companies that have grown organically and an end to the takeover boom in businesses

short on assets.

Goodwill is the thin end of
the wedge and, were it to be
amortised, similar treatment of brands and other intangibles would be bound to follow. But before analysts reach for their calculators, they might reflect on what happened to current cost secounting, off-balance sheet financing and other dar-lings of the ASC.

### UK analysts

An industry which has 50 g per cent overcapacity, where 43 per cent of customers think that quality is deteriorating and where it is hard to see any sign of a profit, would justify a sell recommendation from any

So it must be doubly depress ing for UK equity researchers to find that those conditions apply to their own profession, at least according to the latest Extel survey. The elite 25 per cent of analysts seem as highly regarded as ever but for the rest quantity, not quality, appears to be the order of the day. Within five years, it seems likely that the analytical pro-fession will be split into the top ten houses and a few big name independent individuals who can persuade institutions to part with cash for what they used to think was a free service. Today's unranked analysts would probably be best advised to see if Lord Hanson needs a few more "young Turks" in his acquisition department.

عددي سية

### Rule for amortisation of goodwill proposed in UK

THE reported profits of some of the UK's largest companies will be shaken up by a rule change which has been agreed in principle by the Accounting Standards Committee.
The committee has decided

to recommend that goodwill arising from acquisitions should be put into companies' balance sheets and then writ-ten off against profits - or "amortised" – over a number of years.

This move, which will severely deplete the reported earnings of acquisitive compa-nies, would bring UK practice into line with that in most

other countries. Mr Roger Munson, a partner at Coopers & Lybrand and chairman of the working party that produced the recommendation, said yesterday: "Wa will have to be prepared for the response, because they will not like it."

At present, UK companies can write off goodwill against reserves in the year it arises, leaving profits unaffected.

ethnic Turks, he was notorious

for his persistence in carrying

out the name changes. Despite the initial expulsions and the

use of considerable force (Sofia admita seven people ware

killed) unrest persisted.

In late May, Bulgaria's leadership appears to have taken the extraordinary decision that has resulted in a flood of ethership appears to the Market bulgaria.

nic Turks across the Turkish border: some 60,000 have

arrived in Turkey so so far, and Bulgarian officials indi-

Many accountants have claimed that this practice has given British companies an advantage over those in tha US, which have to write goodwill off against profits over no more than 40 years. According to this view, UK

companies are able to pay a higher price in takeovers in the knowledge that their prof-its will remain unaffected. UK practice, bowever, also reduces companies disclosed shareholders' funds - leading to the recent fashion in the UK of "brand accounting," which involves putting a value on intangible assets. This was condemned yssterday in a

paper from four academics at

the London Business School. Mr Munson said his working party had concluded goodwill was an asset like any other. WORLD WEATHER

Hanson's Gold Fields bid

head of the mining team at Kleinwort Benson Securities,

almost £2bn, and substantial

• 24 Oct: New York court imposes temporary injunction preventing Minorco acquiring more Gold Fields shares until US courts have examined claims that the bid will leave Minorco and its parent, Anglo American Corporation of South Africa, with some third of world gold production.

matically lapses.

estimated Hanson could raise £2.8bn from asset sales, leaving ARC in for £1.1bn compared with its true value of £1.5hn.
Mr Martin Tsylor, deputy
chairman of Hanson, said there
was no reason to think there
would be any regulatory or legal problems to prevent the msrger going ahead. Hanson has a net cash balance of

cated yesterday that the total

After years of heavy restric-tions on its citizens' right to

tions on its citizens' right to travel, Sofia suddenly issued passport and exit visas to at least 150,000 climic Turks. Many of those arriving in Turkey say they were forced to leave, with little time to gather possessions; others say they

possessions; others say they merely took the opportunity to leave once passports were issued, because conditions had become intolerable: and they

might reach 300,000.

expected to meet again early

21 Sept 1988: Minorco offers mixture of shares and cash for 71 per cent of Gold Fields it

does not already own. Values Gold Fields at £2.9bn.

• 25 Oct: Bid referred to the UK Monopolies and Mergers Commission (MMC) and auto-

• 2 Feb 1989: MMC clears

borrowing powers.

Hanson's deal with Minorco includes the unusual provision that, if the offer is increased, Minorco would still receive only £14.30 for each of its Gold Fields shares. Also, if a com-petitive offer is successful. Minorco must pay Hanson half of any price above £14 per Gold Fields share. Gold Fields and Hanson are

Timetable of the Minorco bid Minorco to bid again.

• 25 Feb: Minorco launche £3.2bn revised bid. • 10 April: Minorco's final offer worth £3.5bn

• 24 April: Minorco says on day offer closes that accep-tances have taken its potential stake in Gold Fields to 54.8 per

• 16 May: New York court refuses again to lift injunction. Minorco admits defeat and offer lapses.

• 22 June: Hanson bids £3.1bn cash. Minoreo accepts in respect of its 30 per cent

Agnew ready for a fight Continued from Page 1

the Minorco bid only marked the end of Act One: Act Two opened with the television crews waiting once more in the loyer and Mr Agnew in expan-

the terms, although he was

determined to fight the price of yesterday's offer and insisted

sive mood nostairs. He said he was happy to negotiate with Hanson about

always clear that the failure of that Gold Fields was not about to roll over.

> At the end of its bid, Minorco owned or had acceptances from nearly 55 per cent of the shares - and it still managed to lose tha battls. Hanson, with its long experience of successful takeover tactics, may prove a more formi-dable opponent.

# Decisions, Decisions, Decisions,

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# **FINANCIAL TIMES** COMPANIES & MARKETS

25 **TAYLOR** TEAMWORK IN CONSTRUCTION WORLDWIDE

Friday June 23 1989

### INSIDE

### Where do we go from here?



Eighteen months of near record nickel prices have enabled inco, the Canadian metals group that le the world's largest nickel producer, to hand out \$1.05bn to shareholders through a controversial special dividend and another \$56m in bonuses to employees for the 1988 financial year. Kenneth Gooding talks to chairman Donald Phillips

Question-mark over Milan

(above) about where the group is heading.

A rocketing surge by the Italian bourse fizzled out at the start of the week as the European election results put a damper on the Milan exchange. Simon Greaves asks whether this was just an 11-day wonder or if shares have further to go. Page 48

# **Efficiency drive lifts Rothmans**

ciency improvements in the tobacco division helped Rothmans International, the cigarettee and luxury consumer goods company Cost savings and effl-

improve operating profits by 4.7 per cent to £289.1m (\$448m) on a slight tall in net sales revenues in the year to the end of March. Pre-tax profits rose 13.1 per cent from 2288.8m to

### Touching a thorny problem

Lord Hanson - in the news over his company's bid for Consolidated Gold Fletds - explains goodwill thus: "If you're trading e horse; it's the value to the buyer and what the seller can get for it." But it is not really that simple. David Waller and Richard Waters look at the ramifications of the Accounting Standards Committee'a latest ruling on the issue. Page 33



The continued strength of advertising in the region lifted pre-tax profits at Anglia Television Group, IBA-contractor for the east of England. by 16 per cent to £8.92m (\$13.8m) for the six months to the end of April. Sir Peter Gibbings, chairman, said airlime sales increased by 19.6 per cent during the period, compared with 14.4

### New lease of life

When Rodime, the computer disk drive manufacturer, recently revealed enormous losses and disclosed that it was virtually insolvent, many people thought that the end of the company was nigh. Yet it has confounded the pes-simists by putting together e \$68m rescue package. James Buxton reports. Page 34

**Market Statistics** Base lending rates Benghmark Govt bonds European options exch FT-A indices FT-A world indices FT int bond service Financial futures Foreign exchanges Landon recent Issue

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Unit trusts

### Companies in this section

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Chief price changes yesterday PRANCEPLENT (COM)
Ribers
Allarz 1912 + 49 Hotchispen
Allarz 1912 + 49 Hotchispen
Candinantal 310 + 7.5
Devische Benk 597.5 + 12.5
Phytobank 385.7 + 12.5
Phytobank 385.7 + 3.8
Ribers
Ri 749 + 41.3 1325 + 65.1 573 + 24 280 - 11 512 - 21.2 TOKYG (Yes) S<sub>II</sub> Konica 2 Nippon Type 1700 + 170 5 1<sub>2</sub> Shitoka Chem 1130 + 110 7 (chida Yoko 1440 + 110 Teck 1650 + 120 - Uchida Yoko 1440 + 110 21<sub>2</sub> Yackan Dept 1860 + 120 Faile 1179 - 79 281 + 8 572 + 15 447 + 12 448 + 29 641 — 28 629 — 12 708 — 15 264<sup>1</sup>2 — 8 165 — 17 463<sup>1</sup>2 — 18<sup>1</sup>2 462 — 12 ... 612 — 17

# De Benedetti may acquire AT&T's Olivetti stake

MR CARLO DE BENEDETTI, the Olivetti chairman, is considering acquiring part or all of the Oli-vetti stake that is owned by American Telephone & Telegraph (AT&T) in a move designed to ensure future shareholder stabil-

At present, Mr De Benedett's CIR holding company owns 22.28 per cent of Olivetti. AT&T owns 22.35 per cent of the ordinary voting shares, with a current stock-market value of nearly Lire 1,000bn (\$700m).

Mr De Benedetti is preparing to tackle the issue of AT&T's Oli-vetti stake because e shareholder

veri state because e sharenoider pact between CIR and AT&T expires at the end of September. Mr De Benedetti, who has an option on the AT&T holding, is believed to be concerned about where these shares might end up, should ATAT decide to sell. Discussions between Mr De Benedetti's CIR group and AT&T

are expected to get under way in the next few weeks. Among the varione possible formulae thought to be under consideration in Milan is a proposal that could see the US telecommunications group selling part of its Olivetti stake to CIR in exchange for a shareholding in CIR. Mr De a shareholding in CIR. Mr De Benedetti's group last night declined to make any comment on the matter, which has sur-

faced this week in Italian press The CIR group is Mr De Bene-detti's main listed holding vehicle. Aside from the Olivetti stake, it controls the Mondadori-Espresso publishing house and Cerus-Dumenil Leblé, the French investment bank, plus important stakes in Valeo, the French car components business, Yves Saint Laurent, the fashion house, and 15.4 per cent of Société Générale de Belgique. stake, it controls the Mondadori-

de Belgique.

AT&T has been reported to be restless about its Olivetti stake for the past 18 months, but has never confirmed reports to this effect.

Yesterday AT&T repeated again that it had "no comment to make as a matter of policy".

Rumours of an AT&T sale of its Olivetti holding have been stoked by the fact that the US telecoms giant is sharply scaling back its orders of Olivetti personal computers this year (from 117,000 PCs last year to an expected 30,000) and is poised to choose Intel of California as an alternative PC supplier. tive PC supplier.

Aside from its relationship with Olivetti, AT&T earlier this month formalised an alliance and share swap with Italtel, the tele-coms equipment maker that is owned by STET, the state held-ing concern.

## STC and SAT link on telecoms research

By Terry Dodsworth in London

missions. They will also collaborate on marketing and distribution, using each others' products to expand their own ranges.

Transmissions technology involves products such as lasers and multiplexers, which send and manipulate telephone signals in modern fibre-optic cable net-works. Both STC and SAT make this hardware, along with the complex software which controls

After several takeovers and mergers in the telephone exchange sector, it is expected that there will be a similar rash

STC of the UK and SAT of France, two of Europe's telephone transmissions companies, are linking in a collaborative arrangement which marks a new phase in the organisation of the Europe between fiself, SAT and telecommunications industry.

The two companies will work together on various research and

together on various research and .. 30 per cent of the French market development projects in trans- in transmissions. Part of the group, it has 5,000 employees and e turnover of around FFr5bn (\$745m).

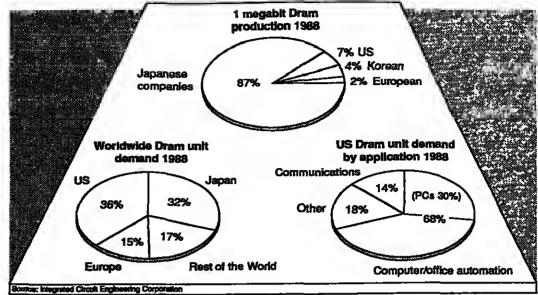
puter group, had sales last year of £2.36bn (\$3.63bn), of which £642m were generated by the communications division. It claims between 30 per cent and 40 per cent of the UK market.

STC already has an international research and development agreement in transmissions with

agreement in transmissions with Northern Telecom, the Canadian group. It said yesterday that the Northern Telecom deal would not be affected by the SAT accord.



plan as "the American Way", saying: "It is very encouraging to see the private sector taking this kind of initiative."



# Memories Inc comes out fighting

Louise Kehoe on plans for a big US push in the world microchip market

he United States semicon-ductor industry is planning an extraordinary bil-lion dollar collaborative effort to reclaim e substantial share of the \$6bn-a-year world market for Dynamic Random Access Mem-

ory (Dram) chips from Japanese competitors.

The plan, unveiled this week by the Semiconductor Industry Association, an influential trade group representing US chip mak-ers, calls on US computer and semiconductor manufacturers to invest jointly in a venture to be called US Memories Inc that will establish a high-volume Dram manufacturing operation sched-uled to be fully operational in early 1991.

The corporation, which will The corporation, which will aim to make profits, will need about \$500m in equity financing, plus an additional \$500m in debt financing, said Mr Sanford Kane, vice president of IBM, who will become president of the new ven-

ture next week.

Already, 30 US companies have expressed interest in the plan, and seven — IBM, Hewlett-Packard, Digital Equipment, Intel, Netional Semiconductor, Advanced Micro Devices and LSI Logic — have said they are will-ing to make substantial investproviding seed capital.

Company "shareholders" in US

Memories will be required to commit themselves to buy at least half of the venture's memory chip products.

US Memories expects to obtain advanced Dram technology, including e 4 Megabit Dram design through a licensing agree.

incinding e 4 Megabit Dram design, through a licensing agree-ment with IBM. Although IBM does not sell Drams on the open market, it is one of the largest chip producers in the world. For IBM and other US com-puter manufacturers, US Memories could become a significant

new domestic Dram supplier that would reduce their dependence upon Japanese manufacturers.

The reliance of the US electronics industry upon Japanese chip makers was highlighted last year when a serious shortage of

when a serious shortage of Drams forced several US computer makers to cut production.

Even US Memories' potential competitors, the existing US producers of Drams, wish the venture well. "The US electronics equipment industry needs to be able to buy a higher percentage of its Drams from domestic sources," said Texas Instruments, Toshiba, Japan's leading Dram manufacturer, said the return of US manufacturers to the Dram market "would encourage vigormarket "would encourage vigor-ous competition and lead to the healthy expansion of the indus-

For US chip makers, many of which were forced to abandon the Dram market in the early 1980s, in the face of fierce Japanese competition, US Memorles represents an opportunity to share the high capital costs and risks of Dram re-entry.

rams represent the largest single product sector of the semiconductor

The devices are used in all types of computers as data storage devices. Beyond their economic significance, moreover, Drams are "technology drives" which push ahead the state of the art in chip production.

The market for Drams is expected to expand charmly in the nevices are

ted to expand sharply in the 1990s as the chips become more widely used in consumer elec-tronics products such as high-definition television, telephones and facsimile machines.

Since the signing of the US Japanese semiconductor trade agreement in 1986, which pro-vided strong measures designed to prevent a recurrence of Japa-nese "dumping", US chip makers have been under increasing pres-sure both from domestic customers and from the US Government to expand Dram production.

But to date only Motorola has taken the plunge. Other chip makers said they could not afford to risk huge capital investments to make products that might produce only marginal profits. Industry and Administration

officials were quick to point out, yesterday, however, that the 1986 trade pact has been effective in reducing the risks of the Dram market. Under the terms of the trade pact, the US Commerce Department sets "fair market value" prices for imported Japa-nese Drams to ensure they are not sold in the US below cost. The US Memories plan "signals the willingness of US firms to act creatively and decisively when they can be assured that their efforts will not be undercut by unfair trade practices," said Carla Hills, US Trade Representa-

"It is very encouraging to see the private sector taking this kind of initiative to look for cre-etive ways to enhance the US semiconductor industry's global competitiveness, added Mr Rob-pt Mosbacher US Comperce

Secretary.
According to semiconductor industry analysts, US Memories could claim about 12 per cent of the world Dram market for 4 Megabit Drams by 1992, more than doubling the current US

share of the Dram market.
Significantly, the industry has not asked the US Government to provide funding for US Memories.
Mr Mosbacher has stated several times recently that he supports industry collaboration to improve US competitiveness, but that he will not support government funding of industry consortia.

None the less, US Memories may require government support in the form of loan guarantees, industry executives said.

Several hurdles remain to be overcome, if US Memories is to succeed. Most importantly, more US computer manufacturers must commit themselves to investing in the project. Apple Computer, Sun Microsystems and Compsq Computer, all major Dram purchasers, said yesterday they were studying the plan.

heir reticence may reflect concerns about upsetting their current Japanese Dram suppliers rather than sig-nal any lack of support for the venture. None the less, their absence from the list of backers

The success of US Memories The success of US Memories will also depend upon the successful transfer of technology from BM to the new venture. Industry observers raised several potential problems including the shortage of Dram production experts in the US the evallability experts in the US, the evailability of semiconductor production equipment matching that used by IBM, and the possible mis-match of IBM's technology with the requirements of the merchant

begin to address these issues, however, it must receive the blessing of the Justice Department. No formal request for antitrust approval has yet been made. But the industry plan involves unprecedented collabo-ration among US companies.
Semiconductor leaders are confident, however, that they can overcome any difficulties that may lie in the path of forming US Memories. Mr Robert Noyce, president of Sematech, said: "We are seeing e rebirth of optimism that US industry can be competi-tive in the future."

# Nokia, James River and Ferruzzi to form European tissues venture

By Enrique Tessieri in Helsinki and Alan Friedman in Milan

NOKIA, Finland's largest privately-owned company, James River of the US and Mr Raul Gardini's Ferruzzi group have signed a letter of intent to form a joint venture that will create a new force in the European paper tissue market.

The final agreement, to be signed by October November according to Nokia officials, will produce a joint venture with annual production reaching 420,000 tonnes of tissue, putting it on terms with the hitherto undisputed European market leader, Scott Paper of the US. According to the letter of

intent, Nokia will form part of two joint venture operations with James River and Ferruzzi.

will each have e 50/50 stake, will include Nokia's existing tissue operations in Europe as well as the James River/Gruppo Ferruzzi tissue interests in Spain.

This consists of a 50 per cent stake in Sarrio Tisu, a Spanish paper company. Ferruzzi and James River jointly bought this stake in March, and the two companies have an option to buy out the other half in five years.

Ferruzzi paid more than \$25m for its half of the 50 per cent catched in Series Jisu

stake in Sarrio Tisu. Nokia's tissue operations regis-tered FM2.2bn (\$537m) in sales last year.
The James River/Gruppo Fer-

Nokia is also planning to acquire 20 per cent of other European paper businesses that are jointly held by Ferruzzi and James River.
Ferruzzi did not disclose the price Nokia is paying for this 20

price Nokia is paying for this 20 per cent stake.

The second joint venture company of which Nokia will only have a 20 per cent share together with James River/Gruppo Ferruzzi's 80 per cent stake, will be formed by Kaysersberg S.A. of France, Ipek Kagit AS of Turkey and Unikay of Italy.

The companies that will form part of the tissue joint venture, apart from Sarrio Tisu, include: Nordic Tissues of Finland, Brit-

Nordic Tissues of Finland, British Tissues, Sodipan-Nokia of France, Nokia of Ireland, Nokia of Norway and Deeko of the UK.

# Acquired by Healey & Baker

### The Retail Warehouse & **Food Superstore Department** have just acquired another major

development opportunity.

LUTON Gypsy Lane 15 Acre Freehold Site Planning Consent for 135,000 sq.ft. Retail Park.

Healey & Baker are representing the purchaser,

### **Burton Property Trust**

\* Site Acquisition \* Development Consultancy \* Planning Consultancy \* Letting \* Funding

> Healey & Baker 01-629 9292

### ruzzi operations involved in the two joint ventures made over \$600m in net sales in 1988. The tissue deal, where Nokia and James River/Gruppo Ferruzzi CU links with Credito Italiano

By Nick Bunker in London

COMMERCIAL Union, the British composite insurer, has surprised observers of the rapidly-growing lialian insurance market by signing an agreement with Credito lialiano, enabling it to sell both life and non-life insurance via the

bank's 503 retail outlets. Credito Italiano's 140-strong Medicfin direct sales force will also distribute products on behalf of the UK insurer's Milan-based subsidiary Commercial Union

Italia, CU said yesterday. The tie-up comes at a time when UK insurers are striving to catch up with Swiss and West German groups, such as the Swiss Reinsurance Company, Winterthur Insurance and Allianz, in a race to build distribution networks in the under-de-

veloped italian market. It also reflects the Europe-wide trend for insurers and banks to form alliances aimed at turning

retail banks into sales outlets for a broader range of financial ser-

CU, for instance, also revealed yesterday that it is launching Credit Maritime Vie, a life company which will sell policies to French fishermen via the 150 branches of the Credit Maritime mutual bank

Observers were taken aback yesterday though by the fact that an institution as large as Credito Haliano would strike a distribu-tion deal with a foreign insurer, rather than with one of the domestic Italian insurers such as

La Fondiaria. Ranked among the top five Italian banks, Credito Italiano is one of the nation's three Banks of National Interest, with 64 per cent of its equity owned by the IRI state holding company.

Mr Greg McNulty, European

insurance analyst with London-

based securities house Fox-Pitt Kelton, said: "I'm surprised. I'd also be astonished if Credito Italiano were giving anything away."

Another intriguing feature of
the deal is the fact that Credito Italiano has opted to distribute life assurance for what is essentially a start-up operation by a

foreign group. Currently, CU's present Italian operation consists of Bevington, a Milan-based non-life insurance agency held by Commercial Union Italia. In 1988 it had premium income

of £32m (\$33m). CU is only just setting up its Italian life company, CU Vita. It has been approved by ISVAP, the regulatory watch dog which advises the Italian Industry Min-istry's insurance department, but is not yet fully licensed, said Mr Paul Found, CU's assistant group **NEW ISSUE** 

This announcement appears as a matter of record only.

June, 1989



# NIPPON SHEET GLASS COMPANY, LIMITED

U.S.\$250,000,000

4 per cent. Bonds due 1993

Warrants

to subscribe for shares of common stock of

Nippon Sheet Glass Company, Limited

ISSUE PRICE 100 PER CENT.

**Daiwa Europe Limited** 

Deutsche Bank Capital Markets Limited

Sumitomo Finance International

Bank of Yokohama (Europe) S.A.

James Capel & Co. Limited

Kleinwort Benson Limited

LTCB International Limited

Taiheiyo Europe Limited

S.G. Warburg Securities

ANZ McCaughan

Meiko Europe Limited

Robert Fleming & Co. Limited

Paribas Capital Markets Group

Daiwa Bank (Capital Management) Limited

Goldman Sachs International Limited

Morgan Grenfell & Co. Limited

NatWest Capital Markets Limited

Toyo Trust International Limited

Saitama Finance International Limited

Takugin Finance International Limited

Ssangyong Investment and Securities Co., Ltd.

Bayerische Landesbank Girozentrale

Swiss Bank Corporation

Banca del Gottardo

Yamaichi International (Europe) Limited

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Bank of Tokyo Capital Markets Group Banque Indosuez

**BNP Capital Markets Limited** 

Chase Investment Bank

**IBJ International Limited KOKUSAI** Europe Limited

J.P. Morgan Securities Asia Ltd.

J. Henry Schroder Wagg & Co. Limited Universal (U.K.) Limited

Westdeutsche Landesbank Girozentrale

Algemene Bank Nederland N.V. Baring Brothers & Co., Limited

Dresdner Bank

Kuwait International Investment Co., s.a.k.

Merrill Lynch International Limited Morgan Stanley International

Nippon Credit International Limited

Shearson Lehman Hutton International

Taiyo Kobe International Limited

Tokai International Limited

(European Tranche)

**UBS Phillips and Drew Securities Limited** 

This announcement appears as a matter of record only

22nd June, 1989



# KOBE STEEL, LTD.

U.S.\$600,000,000 4 per cent. Bonds 1993

with

### Warrants

to subscribe for shares of common stock of Kobe Steel, Ltd.

Issue Price 100 per cent.

Yamaichi International (Europe) Limited

Daiwa Europe Limited IBJ International Limited

**DKB International Limited** Sanwa International Limited

Credit Suisse First Boston Limited Bank of Tokyo Capital Markets Group Baring Brothers & Co., Limited Citicorp Investment Bank Limited Merrill Lynch International Limited New Japan Securities Europe Limited Taiyo Kobe International Limited Amsterdam-Rotterdam Bank N.V. Cosmo Securities (Europe) Limited Generale Bank KOKUSAI Europe Limited Mitsubishi Finance International Limited J.P. Morgan Securities Asia Ltd. Nat West Capital Markets Limited Nippon Credit International Limited Nomura International J. Henry Schroder Wagg & Co. Limited

Kleinwort Benson Limited Barclays de Zoete Wedd Limited Chase Investment Bank Robert Fleming & Co. Limited Morgan Stanley International Salomon Brothers International Limited Yasuda Trust Europe Limited CL-Alexanders Laing & Cruickshank Dresdner Bank Aktiengesellschaft Goldman Sachs International Limited LTCB International Limited Mitsubishi Trust International Limited Morgan Grenfell & Co. Limited The Nikko Securities Co., (Europe) Ltd. Nippon Kangyo Kakumaru (Europe) Limited Paribas Capital Markets Group Shearson Lehman Hutton International The Shinyei Ishino Securities Company Limited Swiss Bank Corporation Town Trust International Limited

### INTERNATIONAL COMPANIES AND FINANCE

### Hong Kong group in surprise rights issue

By Michael Marray

HONG KONG-LISTED China Entertainment Strategic Investments (Cesil), the investment company within the Evergo Group controlled by Mr Thomas and Mr Joseph Lau, has surprised the Hong Kong stock market with the announcement of a rights issue to raise HK\$393.5m (US\$50m) via its new Bermuda-based holding company, Superford Financial Holdings.

The-four-for-one rights

The-four-for-one rights issue, at 90 cents per share, comes in spite of the cancellation of several rights issues by other companies in the wake of the sharp drop in Hong Kong share prices over the

Kong share prices over the past month.

It will be underwritten by Cesil's parent, China Entertainment and Land Investment, which will also take up its full entitiement to 47.9 per cent of the rights shares.

Around HK\$100m will be

## **New World** shelves HK\$1bn

bond launch By Michael Marray

NEW WORLD Development,

NEW WORLD Development, the Hong Kong property developer, yesterday announced that it has shelved indefinitely the HK\$1bn (US\$128m) convertible bond it launched and then postponed in March.

It was originally postponed because the arranger, Paribas Asia, did oot wish to be seen to be financing a hostile takeover hid for Wing On Holdings, the trading and retail company, announced simultaneously by New World, which has since lapsed.

has since lapsed.

Market operators said that investor response to the bond issue in March was poor, and since then share prices have plummeted in the wake of the crisis in China, leading to a six-month period which ended cancellation of the whole

# Sale of HK Bond Centre stake nears completion

By Michael Marray in Hong Kong

THE SALE by Hong Kong-listed Bond Corporation International of its 50 per cent stake in the Bond Centre office building is proceeding on schedule and should be completed on Monday, Mr Peter Lucas, Bond International's managing direc-tor, said yesterday after an ertraordinary general meeting at which the sale was unanimously approved by sharehold-

ers.
The buyer is EIE Development International, part of the Japanese EIE group, which uniginally bought a 50 per cent stake from Bond International in 1987, but agreed on May 11 to buy out Bond International for HK\$2.26tn (US\$290m).

After the events in Peking,

around Habitoum will be used to finance further investments, while the balance will be used to repay part of a HK\$448m interest-bearing loan from China Entertainment and Land.

58m ringgit the previous year.

previously.

The profit reduced the com-

pany's accumulated losses to 137m ringgit.

dley Capital announced it had arranged an 8%-year prising refinancing of existing facilities and new funds for the Bond Centre, with lenders including Hongkong and Shan ghai Banking Corporation. Bond Corporation Holdings owns 66 per cent of Bond Inter-

and amid widespread fears of a drop in Hong Kong property prices, there had been specula-tion that KIE might wish to

reconsider. But yesterday War-

national, and will receive HK\$617m of the HK\$335m special dividend to be distributed once the sale is completed. The sale marks the disposal of the last of the Hong Kong assets of Bond International, which now

holds a stake in a big property development in Rome, part of the Chile Telephone Company (CTC) and a brewery in China. Mr Lucas said there was a possibility that Bond Interna-tional would gradually make a transition to being a listed

B

Bii

11:5

transition to being a listed property company, with an emphasis on such regional property markets as Thailand. Property trading has been its forte since it was listed in Jan-

The company's assets in Hong Kong were bought for a total of HK\$4.92bn and, after the Bond Centre sale, will have been sold for a gross consider-ation of HK37.596bn over and above dividend and rental income of HK\$29tm.

# Profit at Malaysian car maker

By Wong Sulong in Kuala Lumpur

PERUSAHAAN Otomobil Nas-PERUSAHAAN Otomobil Nas-ional, Proton, the manufac-turer of Malaysia's national car, has reported a maiden pre-tax profit of 32m ringgit (\$11.8m) for the year ended March, compared with a loss of

The main reason was the turnround in the Malaysian economy, which led to an upsurge in car sales. Proton was able to expand its share of the domestic car market to 73 per cent, from 65 per cent

lah, executive vice president of Heavy Industries of Malaysia (Hicom), Proton's parent company, said Proton's profit for the current year was expected to be around 100m ringgit. He added that the car manu-facturer would be introducing a second working shift in August. This would increase production to 100,000 units a year from the current 60,000

units to meet both local and overseas demand. At present, local buyers have to wait for four months for the more popu-

Proton is 70 per cent owned

by Hicom and 30 per cent by the Mitsubishi Motor group of Japan. Its 560m ringgit plant outside Kuala Lumpur began Mr Mohamad Saufi Abdulcommercial production in July 1985, at a time when Malaysia was in deep recession and, as a result, was not able to meet the production and sales targets.

Up to May this year, Proton had sold more than 112,000 cars in the domestic market, and 5,280 overseas. The most promising overseas

market currently is Britain, where sales for next year are expected to be around 12,000, 20 per cent higher than earlier projections.

### UK units lift Japanese securities firms

CONSOLIDATED recurring profits for Japan's Big Four securities houses showed a sharp rise yesterday, as earn-ings by their British subsid-iaries showed healthy gains, and the US units put in markedly improved performances, writes Our Financial Staff.

Three of the four - Nomura Securities, Daiwa Securities and Nikko Securities - registered record recurring profits on an annualised basis in their six-month period which ended in March. The improved performances were due mainly to JAPANESE SECURITIES HOUSES' CONSOLIDATED RECURRING PROFITS IN 1989 (Ym) US unit profits (1968) British unit profits (1988)

258,786 -517 (-1,878) 168,121 -496 (-1,597) 137,184 54 (-3,934) 114,359 -496 (1,574) 12,329 (10,912)

increased commission income on management of rushed issues by Japanese husband of dollar-denominated convertwarrants, and in bond-dealing

Rationalisation efforts put the US units of both Daiwa and

Nikko back into the black, after plunges in the previous year, while Nomura cut its losses from Y1.88bn to Y517m (\$3.6m) and Yamaichi - the fourth-placed firm - cut its US losses from YI.58bn to Y496m.
The firms forecast unchanged profit for the current year.

22nd June, 1989

These securities have been sold outside the United States of America and Japan. This am

NEW ISSUE (Asian Tranche)



# KOBE STEEL, LTD.

U.S.\$600,000,000 4 per cent. Bonds 1993

Warrants

to subscribe for shares of common stock of Kobe Steel, Ltd.

Issue Price 100 per cent.

Nomura Singapore Limited

**DKB** Asia Limited The Nikko Securities Co. (Asia) Limited

Merrill Lynch International Limited Barclays de Zoete Wedd Limited BOT International (H.K.) Limited CS First Boston (Singapore) Limited **Jardine Fleming Securities Limited** NKK Merchant Bank (Singapore) Ltd Taiyo Kobe Finance Hongkong Limited

BNP International Financial Services (Singapore) Ltd. Goldman Sachs (Asia) Limited

Kidder, Peabody International Manufacturers Hanover Asia, Limited Mitsubishi Finance (Hong Kong) Limited J.P. Morgan Securities Asia Ltd. Nippon Credit International (HK) Ltd. Schroders Asia Limited Sogen Asia Limited Towa Securities (Hong Kong) Limited

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**IBJ** Asia Limited Sanwa Singapore Limited

Toyo Securities Asia Ltd.

Wake International (Hong Kong) Limited

Morgan Stanley Asia Limited Baring Brothers & Co., Limited Citicorp International Limited, Hong Kong Dresdner (South East Asia) Limited Kleinwort Benson Limited Salomon Brothers International Limited Yasuda Trust and Finance (Hong Kong) Limited Chase Investment Bank (Singapore) Limited Daiwa Singapore Limited Indosnez Asia (Singapore) Limited LTCB Asia Limited Marusan Securities (Asia) Limited Mitsubishi Trust Pinance (Asia) Limited New Japan Securities but 7 (H.K.) Ltd. Paribas Capital Markets Limited Shearson Lehman Hutton International Tokyo Securities (Asia) Limited

### INTERNATIONAL COMPANIES AND FINANCE

# Bupa to buy HCA's UK hospitals

By Lisa Wood in London and James Buchen in New York

Britain'e largest independent health care organisation, is to buy the UK hospitals and nursing homes of Hos-pital Corporation of America for £92m (\$142.6m) in cash. The acquisition of 10 hospitals and seven nursing homes will consolidate Bupa's position as the second largest oper-ator of private hospitals in the

UK after Nuffield Hospitals. The sale is the latest in a string of disposals by HCA to help finance the purchase of the company by its manage-ment. HCA, based in Nashville and up to recently the largest US hospital management chain, bought out its public shareholders in March in a

Earlier this month, the management, led by Mr Thomas Frist, completed the most important sale – of its psychiatric hospitels for \$1.23bn. The sale enables HCA to pay off the most pressing commitments from lenders to the buy-out. The sale has been agreed in

principle, with completion of the transaction subject to the execution of a definitive purchase agreement. Bupa expects the transaction to be comthe transaction to be com-pleted within 45 days.

The agreement also brings to
Bupa Health Services, the
Bupa subsidiary for hospital
operations, a 26 per cent stake
in Little Aston Hospital, near
Birmingham, Bupa has already

offer for Little Aston Hospital - valuing it at £14m - and has received irrevocable commitments to sell from 54 per cent of shareholders, including

Bnpa will also have the

opportunity to acquire a 50 per cent stake held by HCA in a 161-bed hospital in Rome.

Mr Keith Biddlestome, assistant director (business develop-ment) of Bupa Health Services, said the HCA hospitals and nursing homes made a very good geographical fit with Bupa'e 15 acute hospitals and four nursing homes. The HCA hospitals were in areas where Bupa did not have hospitals – including Cambridge, Hull,

Sonthampton, Blackpool and

South-end-on-Sea. Mr Biddlestone said Bupa might not keep all the nursing homes because they straddled a number of market segments and Bnpa was concentrating on the higher priced end of the

Last Christmas Bupa, which opened its first new hospital in 1981, bought three hospitals from National Medical Enterprises, a US company, for an undisclosed sum.

The UK private hospital market grew rapidly in the early 1980s after the 1979-1981 boom in private health insurance. Growth in the sector has slowed down since then with a degree of rationalisation and

### **Flotation** Portugal plans laws to price values ease sales of state groups Pirelli Tyre By Diana Smith in Lisbon at Fl 2.4bn

THE PORTUGUESE Government plans privatisation laws that will encourage the sale of some state-owned companies by tender and greater flexibility about the proportion of shares Portuguese or foreign groups may own.

A big constitutional change approved on June 1 allows full denationalisation: until now only privatisation of a minority share has been possible. The law is expected to reflect this, and the Government of Mr Anibal Cavaco Silve recently revealed that, over the next six years, it plans to shed most of the banks, insurance companies, factories and transport companies that were national-ised overnight in the 1975 revo-

The state also plans to sell its majority or minority shares in dozens of financial or indus-trial enterprises, including leading concerns such as Cim-por (cement), Emninco (min-ing), Proalimentar (food processing), Soporcel (pulp), Imolessing (property leasing), Nacional (foodstuffs), Socie-dade Financeira Portuguesa, Centralcer (brewing) and Qui-

migal (chemicals). So far, semi-privatisations



Antbal Cavaco Silva:

Portugal's Prime Minister have been made on the capital market. Foreign buyers as a whole can only hold 5 per cent of total capital of a privatised corporation: Portuguese groups or individuals cannot hold more than 10 per cent each.

Mr Luis Faria de Oliveira, Portugal's Treasury Secretary, said the new law would offer three forms of full or partial privatisation: public su tion: public auction on the capital market; and tender. The law would, he said, be more

flexible about freezing transac-tions of shares sold at a dis-count to staff, emigrants and small savers and offer free shares if buyers agreed not to sell for a set period.

More flexible limits would be

set on shares which Portuguese or foreign groups or individuals may hold. He did not specify what the new limits would be. Sale by tender, said Mr Faria de Oliveira, would be useful when state companies have specific technological or market needs: compatible groups of buyers could make joint bids and thus bring new

life to a company. Portugal's biggest stock marhet operation ever begins on Monday, when Banco Totta a Acores (BTA), the fourth-largest nationalised bank, offers 49 per cent of its capital, worth Es20bn (US\$120m) in a subscription for staff and small savers and three public anctions for depositors, fund man-agers and the general public, between June 26 and July 12.

BTA earned Es750m in the first four months of 1989 - 166 per cent more than January to April 1988. Cash flow grew to Es5bn against Es2.9bn in January to April 1988.

# Bank of Spain cracks down on debt deals

THE BANK of Spain appeared yesterday to have succes cracked down on yet another effort to sidestep its tough reserva requirements wben Banco . Intercontinental Espanol (Bankinter) said it was suspending operations under which it has been selling pub-lic debt linked to repurchase

agreements.
Mr Mariano Rubio, the central bank governor, warned on Tuesday night that the author-ities might be forced to raise

Nordstjernan

advances 70%

NORDSTJERNAN, Sweden'e

listed real estate and construc-tion group controlled by the

Johnson family, reports a 70 per cent rise in profits (after financial items) in the first

four months to SKr468m (\$70m)

from SKr276m a year earlier. Revenues for the January-

April period also rose impressively, from SKr5.78bn to SKr7.03bn.

ests in shipping, construction, property and steel, expects its

property and construction

activities to continue to grow

It expects its other business

concerns to produce better results than last year.

The group, which has inter-

By Robert Taylor

in Stockholm

than in 1988.

Spain's tough liquidity reserve requirements if certain banks did not stop inventing ways to get around them.

The Government recently increased these reserve ratios (the proportion of deposits lodged with the Bank of Spain) to 18 per cent in order to clamp down on credit, which is fuel-

been selling letras del Tesoro (Treasury bills) to the deposi-tors and promising to buy

them back. The effect has been to take the deposit off the bank's books - and lower its reserve requirement. It is not known how much

money is involved, but Bankinter, the second largest bank in the Banco Santander group, is understood to have done a roaring trade using the system.

The central bank has hinted that it knows of other banks doing the same thing and further "withdrawals" are likely.

Skyscraper move muddies BfG results

 Union Explosives Rio Tinto (ERT), the Spanish chemicals group, and the fertiliser company Cros are to proceed with a planned merger after the Spanish Finance Ministry granted them tax exemptions,

Renter reports.

ERT said the Ministry would give 99 per cent tax exemptions on asset revaluations arising from the merger of the two companies, which will have combined asles of

Pirelli Spa owns 78 per cent of Pirelli Tyre while Swiss-based Société Internationale Pirelli owns the remaining 22 per cent.

After the flotation, 20 per cent of Pirelli Tyre will be held by the new shareholders with the Milan-based Pirelli holding 65 per cent and the Swiss holding company 15 per

By Our Financial Staff

SHARES in Pirelli Tyre

Holding will be floated at

F1 54 each on the Amsterdam

Stock Exchange, giving the new unit that comprises the Italian concern's tyre operations a market value of F1 2.4bu (\$1.7m), lead manager

Amsterdam-Rotterdam Bank said yesterday.

The final issue price for the 9m shares was just above the middle of an indicated F1 48 to

FI 58 price range.
Applications for the stock

opened yesterday and close at 1 pm GMT on June 29. Trad-ing, at a nominal value of

Fi 10 per share, will start on

July 3. The payment and July 11.
Pirelli Tyre Holding is being listed in Amsterdam instead of Milan where the Pirelli group is based, to avoid confusion with the Pirelli group's two

existing Milan listings.

Amsterdam was also chosen because the Dutch bourse was

well regulated and interna-tionally oriented and offered a

base for further distribution of

July 3. The payment date is

Amro will act as regional lead-manager. Global co-ordin-ator is Morgan Stanley Inter-national, which is applying for a listing of the Pirelli Tyre stock on London's Stock Exchange Automated Quota-tion (Seaq) International ser-

Pirelli is the world's fifth largest tyre producer with a 5 per cent market share and a 1988 turnover of \$3.01bn. Operating profits were \$207m last year, while net profits before minority interests

totalled \$108m.
Pirelli Tyre added that it expected profits and sales to rise this year. The company has 29 production plants in nine countries and employs

### COMPANY NEWS IN BRIEF

RHEINMETALL Berlin, the • Agence Havas, the French West German arms to vehicle parts maker, lifted 1988 group net profits to DM82.6m (\$41.8m) from DM63.9m, as group sales rose from DM2.99bn to details.

rose from DM2.99bn to DM3.25bn, Reuter reports.
The company said that group sales in the first five months of this year were almost unchanged from the eame period last year at DM906m. Mr Hans Brauner, managing heavyl chairman managing board chairman, said that incoming ordere increased 22.7 per cent over the same period to DM1.25bn, while orders in hand rose 11.5

per cent to DM3,34bn. Rheinmetall was looking for a partner for its Pierburg car components unit after buying a 20 per cent stake from Robert Bosch, and was negotiating with two or three companies, he said. Mr Brauner said that Pierburg's problems were caused by the planned intro-duction of stricter EC car exhaust emission rules.

advertising group, says it will raise its capital via an issue of new shares with warrants attached but gives no further

The company says that the Havas board has decided to proceed with the issue after yesterday's shareholders' meeting. The meeting voted to allow the group to raise up to FFr7.5bn (\$1.1bn) in new funds and to increase share capital to a maximum of FFr550m. • Legrand, the French electrical company, said it will acquire a 45 per cent stake in the capital of Bassani Ticino of

Italy under an agreement between the two electrical concerns. Financial details of tha transaction were not disclosed, but industry observers said that Legrand's investment would be about FFribn

(\$149m). Ticino is Italy's lead-

equivalent to FFr2bn last year. Legrand said that the partners intend to strengthen their technological, commercial and geographical co-operation. Ticino is present in several countries from which Legrand has been absent up to now, notably in South America.

Club Med, the French tourism group, lifted group net profit for the first half of 1988/89 by59 per cent from FFx75.5m

(\$11.3m) to FFr120m.
It also said that its US unit Club Med had group net profit in the same period of \$23.01m against \$15.58m. Turnover rose

15.8 per cent to \$269.11m.

Tabacalera, the Spanish state-owned tobacco group, lifted 1988 group net profit to Pta9.78bn (\$77.8m) from Pta5.80bn in 1987. Pre-tax profit. rose to Ptal2.56bn from Pta8.64bn. The company said that Pta6.37bn carried over ing manufacturer of low-voltage electrical equipment. It Pt33.28bn in 1987.

22nd June, 1989

# ling inflation in Spain. But a number of banks have

By Haig Simonian in Frankfurt

BANK FUR Gemeinwirtschaft (BfG), the West German bank now majority-owned by the Aachener und Münchener insurance company, raised par-tial group operating profits by 4.3 per cent to DM268m (\$136m) last year, confirming its grad-ual recovery under its new

By contrast, partial operating profits at parent company level leapt by 53 per cent to DM247m compared to DM158m

in 1987. The difference in the rates of increase, which seriously impairs any assessment of the bank's performance last year, stems partly from its decision to defer until this year the receipt of its 1988 dividend from its new mortgage banking

However, by far the biggest influence behind the confusing figures is the highly complex sale of RIG's present Frankfurt headquarters, and its reinvestment in a new skyscraper, due to be completed around 1994.

As part of a painstaking arrangement to minimise tax liabilities, the BfG group has bought the present building from a subsidiary and other unnamed parties decreasing. mnamed parties, depressing group earnings on account of the difference between the book and market value of the

Whether any one-off gain from the sale, said to have net-ted some DM650m, will show up in this year's accounts remains uncertain as BfG will endeavour to minimise the

Interest income fell by 1.2 per cent to DM897m last year, while fee income remained unchanged at DM219m. The bank, which had to set aside an unspecified "three digit mil-lion D-Mark figure" for its role in rescuing the troubled Co op retailing group, nevertheless said provisions last year had been at their lowest level in its history. Total group assets rose by 8.4 per cent to DM69.3bn. In the first five months of

this year, partial operating profits were running below the corresponding level for 1968, said Mr Thomas Wegscheider, BfG's chief executive. Interest earnings have declined owing to continuing pressure on mar-gins, while fee income has remained around last year's level, he said.

All these securities having been sold, this announcement appears as a matter of record only.

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**NEW ISSUE** 

June, 1989



# SUZUKI MOTOR CO., LTD.

U.S.\$300,000,000

4 PER CENT. NOTES DUE 1993 WITH WARRANTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF SUZUKI MOTOR CO., LTD.

ISSUE PRICE 100 PER CENT.

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**NEW ISSUE** 



# NIPPON OIL & FATS CO.,LTD.

(Nippon Yushi Kabushiki Kaisha)

U.S.\$150,000,000

41/s per cent. Guaranteed Notes 1993

### Warrants

to subscribe for shares of common stock of Nippon Oil & Fats Co., Ltd. The Notes will be unconditionally and irrevocably guaranteed by

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**NEW ISSUE** 



# TOYO CONSTRUCTION CO., LTD. (Toyo Kensetsu Kabushiki Kaisha)

U.S.\$100,000,000 41/8 per cent. Guaranteed Bonds 1993

with

### Warrants

to subscribe for shares of common stock of Toyo Construction Co., Ltd.

Payments of principal of and interest on the Bonds being unconditionally and irrevocably guaranteed by

The Sanwa Bank, Limited

Issue Price 100 per cent.

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**NEW ISSUE** 

22nd June, 1989

# **OMRON**

### OMRON TATEISI ELECTRONICS CO.

(Tateisi Denki Kabushiki Kaisha)

U.S.\$250,000,000 4 per cent. Bonds due 1993

with

### Warrants

to subscribe for shares of common stock of Omron Tateisi Electronics Co.

Issue Price 100 per cent.

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### INTERNATIONAL CAPITAL MARKETS

# US bonds rebound despite Zurich SE continued dollar weakness compromise

By Janet Bush in New York and Stephen Fidler in London

US TREASURY bonds yesterday recouped Wednes-day's losses, which were in response to weakness in the dollar, in spite of another weak showing by the US currency.

At midsession the Treasury enchmark long bond was

### GOVERNMENT BONDS

quoted % point higher, reversing the loss of % point on Wednesday and taking its yield back down to 8.29 per cent from 8.33 per cent. Fed funds were quoted firm at midsession at 9% per cent.
The dollar continued its

steady decline this week against the Japanese yen, to be quoted at Y141.25 at midsession. It proved more resilient against the D-Mark, however, and was quoted near to its New York highs at midsession

The difference between the dollar's performance against these two currencies appears to lie in reports that the Bank of Japan intervened against the currency in Tokyo while the Bundesbank was not sighted in the open market.
Yesterday's release of final figures for first-quarter US gross national product sent a

mixed signal to the markets, with growth revised upwards to a seasonally adjusted annual real rate of 4.4 per cent, com-pared with 4.3 per cent reported earlier.

However, both inflation indicators were revised downwards and it was these figures which caught the attention of the

Traders later attributed the bond rally to the downward

The implicit price deflator was revised downwards to a gain of 3.5 per cent, compared with 3.9 per cent reported ear-lier, while the fixed weight deflator, regarded as a more accurate measure of underlying inflation trends, was revised down to a rise of 4.6 per cent, from 5 per cent reported earlier.

Today sees the release of May durable goods orders which are expected to have risen by only 0.1 per cent, com-pared with the huge 3 per cent jump in April. Personal income and consumption are expected to show only modest rises of 0.4 per cent and 0.2 per cent

THE US dollar's initial weak-ness led to an early modest rally in the West German gov-ernment bond market, but this proved short-lived.

### BENCHMARK GOVERNMENT BONDS

		Coupon	Dete	Price	Change	Ylekt	400	200
UK GILT	5	13.500 8.750 8.000	9/92 1/98 10/08	105-03 94-18 93-29	+0/32 -3/32 -1/32	11.56 10.73 9.70	11.63 10.82 8.77	11.27 10.41 9.39
US TRE	ASURY .	8.126 8.875	5/99 2/18	105-08 106-08	+10/32 +11/32	8.33 8.31	8.26 8.23	0.00 8.61
JAPAN	No 111 No 2	4.600 6.700	8/98	95.0118 104.8088	+0.544	5.43 5.18	5.54 6.21	5.42 5.13
GERMANY		6.375	11/98	101.9000	-0.300	6.71	6.69	8.97
FRANCE	BTAN	8.000 8.125	1/94 5/99	96.6212 96.6500	-0.123 +0.030	8.90 8.83	8.85 8.60	8.94 8.75
CANADA	·	10.250	12/98	104.2500	-0.125	0,55	9,36	9.70
NETHERLANDS		6,7500	10/98	96.9750	-0.200	7.14	7.08	7.A7
AUSTRALIA		12,000	7/99	91,3884	+0.303	13.60	13.73	13,64
		denotes No		morning a	estion	32rule	Mary in	derimal

Tectmical Data/ATLAS Price Sources

The volatility of the currency markets has led many investors to be cautious about the German bond market. In fact the dollar moved through its two pfennig range against the D-Mark twice during the course of the day. As soon as the dollar started to rally, bunds moved significantly

The decline appeared to be largely led by trading on the London International Financial Futures Exchange, since the cash market was generally

quiet.
The September bund future approached contract highs in the morning, a level many see as an important technical barrier, peaking at 95.40. It fin-ished near the lows of the day et 94.85, down about 40 pfen-

gs. The German market largely set the tone for other Europe markets, including that in the Netherlands.

However, the Dutch market appeared better supported domestically, following the sale of F132m of state bonds ear-lier in the week. Some dealers appeared to be covering short positions following a smaller allocation of bonds than was earlier expected.

The French market contin-ues to be pulled between its West German and US counterparts which, since they are following currency movements, often move contrary to each

Prices were up to 10 centimes higher on the day.

The disclosure that an offi-cial dock strike could start in the UK on July 8 put late pres-sure on sterling, which fed into a lackinstre government bond

Trading had been extremely light, but prices eroded after the close of Liffe. Prices ended the day up to a quarter point down, with investors still ner-yous about the likelihood of further interest rate rises and the volnerability of

Closing prices on June 22

day week Yield

FT INTERNATIONAL BOND SERVICE

# banks agree over fees

By John Wicks in Zurich

MEMBER banks of the Zurick stock exchange plan a series of revisions to their convention on brokerage fees in a move aimed at heading off criticism from the Swiss cartel authori-

Proposals made recently by the federal cartel commission recommended the abolition of the convention in an atten to make Swiss bourse fees more freely negotiable.

While a large majority of the stockbroking banks are opposed to negotiable fees on all transactions they have voted for a compromise. The planned moves will now be discussed with other Swiss Stock Exchange organisations.
The Zurich SE argues that

its proposals mark a more flexible approach. The minimum limit for freely negotia-ble fees is to be lowered from SFr2m to (\$294,600).

The banks have also voted to abolish the basic fee of SFr6,200 on big transaction and to scrap the minimum bro-kerage rate of between SFr19 and SFr30 on small transac-

However, the members have dug their beels in over business between members. They opposed a move to free brokerage in transactions with other banks and dealers. At the same time, it has

been decided to accord to "professional dealers abroad" the same rights as Swiss banks

### Berliner Bank in venture with Kuwait investor By Leslie Colfit in Berlin

BERLINER BANK has formed a joint venture with the Knweit Investment Authority (KIA) to channel investment into medium-sized West German and other European com-

The new company, to be based in West Berlin, was formed in conjunction with the Kuwait Foreign Trading Contracting and Investment Company, an investment bank controlled by KIA which has a

50 per cent shareholding.
With an eye to 1992 and the formation of a single European market, the venture will initially provide Difform (\$25.5a) to invest in companies which have growing capital needs.
Commitments of half this amount have already been, made and additional investors are said to have shown inter-

cst.

The joint company will be involved in direct investment and business consolting, mainly for customers in the Near and Middle East. Near and Middle East.

Berliner Bank, which is still principally owned by the city of West Berlin, says it expects a big expansion of its successful business relations with the Gulf States and, in particular, with Knyait

Gulf States and, in particular, with Kuwait.

KIA is a public institution directly responsible to the Ministry of Finance. It administers Kuwait's reserve funds and is largely engaged in investments outside the

### BUSINESS LEADERSHIP IN THE COMMUNITY

The Financial Times proposes to publish this survey on:

14th July, 1989

For a full editorial synopsis and advertisement details, please contact:

Rachel Fiddimore on 01-873 4152

or write to her at:

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FINANCIAL TIMES

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### INTERNATIONAL COMPANIES AND FINANCE

# Investor ready to rescue Integrated

By Janet Bush in New York

MR ROBERT Bass, the Texas investor, has emerged as a possible rescuer for Integrated Resources, the real estate and insurance company which effectively defaulted last week on more than \$955m of short-term debt.

Mr Bass, who recently took over American Savings Bank, the troubled California savings and loan, put his proposal to Integrated Resources this week. He is reported to be prepared to invest around \$100m to \$200m to assume control of

His plans are conditional on holders of Integrated's debt and common stock accepting a restructuring. The company, which has around \$1.8bn in total debt, has declined to com-

ment on the proposals.

Mr Bass's interest is believed
to be in integrated's network of
around 4,500 financial consultants selling real estate investments, insurance and leveraged buy-out investments.
Integrated's slide into a liquidity crisis, after being hailed as a story of success financed by high-yield bonds at

only three months ago, has been alarmingly swift.

The company said on June 14 that it could not sell any more short-term commercial paper and, the next day, halted principal and interest payments on all its holding company's debt pending a meeting this Monday with commercial paper holders and its bank lenders.

It asked holders of \$955m worth of commercial paper and bank demand loans to accept

Drexel Burnham Lambert's new, longer-term securities.

The value of Integrated's stock and bonds has plum-meted since last week. Yester-day, its opening on the New York Stock Exchange was delayed because of an order imbalance. The last quoted price is \$4%, compared with a peak of \$18 which came only last month.

According to analysts, if the Bass proposal is not accepted, Integrated could be forced to file for protection under Chap-ter 11 of the bankruptcy code. Integrated's troubles, Page 37

# Eastern applies to break pilots' contracts

**EASTERN** Air Lines has asked a bankruptcy court for permission to break its labour contract with striking pilots - a strategy that its parent, Texas Air, used six years ago to defeat pilots at Continental Airlines, its other operating subsidiary.

This is not a union-busting tactic," said Mr Harvey Miller, Eastern's head bankruptcy lawyer. "It is one caused by an economic problem."

Eastern has operated less than 10 per cent of its flights since its pilots backed a machinists strike in March. The company is selling assets, paying off debt and hiring new pilots to try to build up through the summer to about two thirds of its old schedule.

To help it return to profit as a smaller carrier, Eastern says it needs labour concessions. It wants to cut pay by 10 per cent pilot returns to work, 5 per cent in the second six months and postpone holidays for a

It also wants to increase pilots' flying time to 68 hours a month next year and 60 hours in subsequent years from 46 hours under the existing con-

The Air Line Pilots Association reacted angrily to East-ern's application, saying it would fight the issue in court.

Eastern is planning to present its reorganisation plan to the court by July 7, after which deadline other parties would be free to present their own plans. Mr Frank Lorenzo, Texas Air's controversial chief execu-tive, rebuilt Continental using this bankruptcy court technique. Outrage about the con-tract breaking prompted changes in federal laws which make it harder to employ the

# Inco strikes gold through nickel

Kenneth Gooding finds a metal producer enjoying buoyant prices

resh from handing out US\$1.05bn to shareholders through a controver-sial special, dividend, and another \$56m in bonuses to employees for the 1988 finan-cial year, Mr Donald Phillips, chairman of Inco, the Canadian metals group, has been talking about where his group is head-

inco was able to make such huge handouts because it is the world's largest nickel pro-ducer and nickel prices have been near record lavels for about 18 months.

Mr Phillips says that in five ars' time 'Inco will be what it is today - the lowest-cost nickel producer in the world, producing about one third of the world's nickel.

We will get there by spending to keep production at about 450m lbs [of nickel] a year at the lowest cost we can achieve.
"If we have that kind of production we must also ensure that we can market 400m lbs a year - even in economic

That is why Inco hes been long-term contracts containing clauses to stabilise prices. Current contracts put a ceiling price of \$4.50 a lb on Inco's nicked and a floor price of \$2.50. Fluctuations within these limits are based on the London Metal Exchange's cash price, currently about \$5.50 a lb.
So far Inco has lined up

long term contracts with stain-less steel producers for about 100m lbs a year and for another 100m lbs with customers that have high-nickel alloy operations. Another 40m lbs is nickel of a type unique to Inco. "So we have over half the 400m lbs firmly committed. And if we have 50 per cent sold

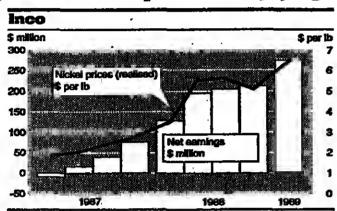
under long-term contracts, the rest could be sold even in a deep recession - and we don't see a deep recession in the

next five years.

However, Mr Phillips says
there will be differences in Inco's make up in five years.

It will have a bigger share of nickel sales in the Pacific rim area, thanks to an expan-sion by one-third in the capac-ity of its PT Inco subsidiary in

• Its alloys division, produc-



Donald Phillips: plans to keep Inco top in the world

ing more than 100 wrought and mechanical alloyed compounds, many of which are proprietary to Inco, "will be larger and more profitable," insists Mr Phillips.

The Inco Gold subsidiary will be proceeded at least

will be producing at least 500,000 troy omces of gold a year — "and possibly double that amount." Inco may also have floated off part of its gold. business. "You can often get more for equity in a gold com-pany than for the gold itself,"

Mr Phillips says that no new gold mine will be brought on-stream by Inco unless cash costs can be kept below \$200 an

Inco's five-year strategy will absorb a lot of cash. "If we have any money left over we will look at the possibility of paying another special divi-

shareholders for linking its \$10-a-share 'special dividend

with a "poison pill" scheme — the first attempted by a Cana-dian company and so doubly controversial.

Mr Phillips prefers to call the scheme "a sharebolders' rights plan" because "while the plan does not prevent a takeover, it encourages anyone seeking to acquire the company to make an offer of fair value to all

dend or instituting a share buy-back programme," says Mr

Phillips.
He obviously prefers to look shead rather than ruminate

about the past year, during which the inco management

en criticised for a lack of

He points out that two bal-lots on the issue each produced support from more than 70 per cent of shareholders who

But the controversy is not dead. The Caisse de Depot de Placement du Quebec, which invests Quebec pension and insurance plan contributions and bolds about 3 per cent of the Inco capital, has asked a court to overturn the decision. court to overturn the decision.

Criticism over Inco borrow-ing about half the cash needed for the special dividend is now more muted. That exercise sent Inco's debt-to-equity ratio up from nil to 62 per cent as many observers believed the nickel price was about to crash. However, the management's faith in the metal's perfor-

mance has paid off. The debtequity ratio is back to 45 per cent and by the end of the year, says Mr Phillips, will be at 35 per cent, which he consid-

Some analysts believe that the Inco management was not clever when negotiating the latest pay deal, which resulted in the hourly-paid workforce receiving some quarterly es of more than C\$2,500. Mr Phillips points out that the bonus scheme can be renegotiated when the present three-year contract ends, and is related to Inco's realised price — not the London Metal Exchange price. Bonuses are eliminated if that realised price falls below \$2.25 a lb.

"If the nickel price drops to rock-bottom levels at least we have a cushion of \$56m we won't have to pay," he says. Inco has also been taken to task for not using its cash to widen its base by acquisitions. Mr Phillips suggests that inco Mr Phillips suggests that Inco-wants to "stick to its knitting"

imagination in dealing with the extraordinary profits from the nickel price boom. It also ran foul of some fication for the sake of it. The alloys business might offer scope for acquisitions, but there would have to be synergy between the operations to be bought and Inco's own. "We don't want to duplicate capac-

and is not interested in diversi-

There are no bargains to be had at the moment, according to Mr Phillips, particularly when any potential acquisition has to be able to achieve the 15 per cent return on equity that Inco sets itself.

Mr Phillips says that Inco Mr Phillips says that inco considered using its mining expertise for a wider group of base metals. "We studied copper, lead and zinc and the fundamentals were not as good as those for nickel. We will stay with the best metal."

To this end Inco's annual exploration budgets include \$14m to \$20m for searching for nickel outside the areas where it is being mined. Included in that budget is money for Inco's platinum search - Mr Phillips believes the prospects are good for a platinum mine in the nickel-rich Sudbury area of Canada. Meanwhile gold is not forgotten. Inco is spending \$30m this year looking for more of the yellow metal.

expects loss

for first half

year, Mack reported net income of \$10.1m, or 84 cents a

share, on sales of \$571.9m. In the six month period net income amounted to \$15.2m or

51 cents on sales of \$1.06bp.

The company said that deliveries of its Class 8 heavy-duty

trucks were expected to fall by at least 12 per cent below those recorded during the

strong second quarter of 1988. It attributed the shortfall to

the transition to new products and to softness in the Cana-dian and Venezuelan

Mack also said that gross

heavy-duty markets.

New Issue (Asian Tranche)



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U.S.\$1,000,000,000

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Algemene Bank Nederland N.V. Mack Trucks **Banque Indosuez** BHF-BANK **Chase Investment Bank** Citicorp Investment Bank Limited MACK Trucks, the US heavy truck manufacturer, expects to suffer a loss for the second quarter and first half of the current year, AP-DJ reports.

Renault Vehicules Industriels, the commercial vehicle subsidiary of the French statement of the present the commercial vehicle subsidiary of the French statement of the present the commercial vehicle subsidiary of the French statement of the present the commercial vehicle subsidiary of the French statement of the present the commercial vehicle subsidiary of the commercial vehicle subsidiary of the commercial vehicle subsidiary Daiwa Europe Limited Dresdner Bank Aktiengesellschaft Goldman Sachs International Limited Manufacturers Hanover Limited Mitsui Trust International Limited **New Japan Securities Europe Limited** Paribas Capital Markets Group owned car group, holds a stake of more than 40 per cent in Mack. RVI has been seeking to J. Henry Schroder Wagg & Co. Limited Smith Barney, Harris Upham & Co. Incorporated improve the US company's mancial performance. In the second quarter of last Sumitomo Trust International Limited

Robert Fleming & Co. Limited Morgan Stanley International

ANZ McCaughan Barclays de Zoete Wedd Limited Cazenove & Co. Chemical Bank Aktiengesellschaft Crédit Commercial de France Deutsche Bank Capital Markets Limited **Fuji International Finance Limited Kleinwort Benson Limited Merrill Lynch International Limited** Morgan Grenfell & Co. Limited Nippon Kangyo Kakumaru (Europe) Limited Salomon Brothers International Limited Shearson Lehman Hutton International Société Générale **Swiss Bank Corporation** Westdeutsche Landesbank

Yamaichi International (Europe) Limited

KOKUSAI Europe Limited LTCB International Limited Mite Europe Limited Mitsui Figuree International Limited itomo Finance International Takugia Fluance International Limited Toyo Securities Europe Ltd. Yamatane Securities (Europe) Limited

Bank of Yokohama (Europe) S.A. Dai-Ichi Europe Limited Kosei Europe Ltd. Marusan Europe Limited bishi Fizance International Limited National Securities of Japan (Europe) Ltd. Noriachukis International Limited Samma International Limited Taiheiyo Europe Limited Tokni International Limited

Toyo Trust International Limited

Yasıda Trust Europe Ltd.

Chuo Trust International Limited Daiwa Bank (Capital Management) Limited **Kyowa Finance International Limited** Meiko Europe Limited Mitsubishi Trust International Limited Nippon Credit International Limited Okassa International (Europe) Limited Sanyo International Limited Taiyo Kobe international Limited Tokyo Securities Co. (Europe) Ltd. Wake International (Europe) Limited

S.G.WARBURG FRANCE S.A.

Tel: 48 88 33 44 Fax: 40 53 93 50 Telex: 651088F

Representative office Tel: 40 53 93 80 Fax: 40 53 04 62 Telese 651087F

**BUNTING WARBURG INC.** 

### Bacot-Allain

Bacot-Allain-Farra S.A. Société de Bourse Tel: 48 88 30 30 Fax: 40 53 07 07 Telex: 651087F

Change of address with effect from 26th June 1989

65 rue de Courcelles 75008 Paris France

S.G.WARBURG GROUP plc

Bank of Tokyo Capital Markets Group Cosmo Securities (Europe) S.A.

S.G. Warburg Securities

Westpac Banking Corporation

Nomera International Saltama Finance International Lin

profits on truck sales were lower than anticipated during the 1989 second quarter because of the mix of trucks sold. The proportion of trucks going to larger fleets increased, while the propor-tion sold in the Canadian and 

### INTERNATIONAL CAPITAL MARKETS

# Euro-paper default raises several ugly questions

Norma Cohen on the repercussions arising out of the failure of a New York financial services group

he Euro-commercial paper markets have just witnessed their firstever default by a borrower, leaving a bost of unanswered questions for investors, dealers, rating agencies and borrowers alike.

Most crucially, the events raise the question of whether investors in ECP are able to evaluate risks in the securities they buy and whether they are adequately compensated for the risks they take.

Integrated Resources, a New York-based financial services firm and e cyndicator of real estate limited partnerships. announced on June 15 a mora torium on payments of principal and interest on all its short-term debts. The company had apparently found itself in a liquidity crisis in which its bankers were refusing to roll over any existing loans. Nei-tber would they extend any

In addition to a \$100m ECP programme arranged by Merrill Lynch, the company's mor-atorium also affects a US CP

**W** Germans

take stake

programme and about \$490m in short-term bank lines of credit. Integrated said that roughly all its ECP programme was being utilised and that all securities would fail due within 45 days. There are about 50 to 75 holders of commercial paper, of which 15 to 20 are in Europe.

Holders of ECP and other

short-term creditors are currently considering a proposal put forth by Integrated on June 19 at a meeting in New York for its lenders and inves-tors. It has offered to exchange about \$955m in short-term debt for new, secured obligations with an 18-month maturity paying 1 per cent over the US prime lending rate and an up-front fee. Under certain circumstances Integrated could stretch out the maturity to 24

Merrill Lynch is urging the 15 to 20 institutional investors in Integrated's ECP programme to form themselves into a committee to negotiate with the company. It is also urging investors to join a group of US commercial paper

BONDS

discount to the issue price,

inside fees of 1% per cent. It is

the second matador bond for

the EC and the first permitted

by the Spanish Treasury in a sector which historically has

maturities between five and 10

years. While the lead manager

would not comment, market sources believed that Ptal2bn

A portion was apparently

swapped into floating US dol-lars to achieve an aggressive

rate for the borrower, possibly

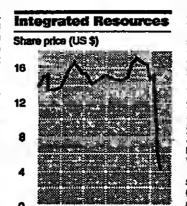
had been swapped.

investors organised by Drexel Burnham Lambert which is asking the company to provide additional information to help decide whether or not to accept the exchange offer.

But whether or not investors find the exchange offer accept-able — or whether an equity infusion from the Robert Bass Group sustains the company as a going concern - the affair the way the ECP market

Officially, Merrill has taken the view that it has no legal obligation towards investors who purchased the paper — a view roughly echoed by the Bank of England, which says it is unfamiliar with the circumstances of Integrated's default. The Bank has a code of conduct for dealers in money market instruments and as long as ECP dealers have followed those guidelines there is no disciplinary role for it.

While there are legal precedents in the US which have made some dealers of commercial paper liable to investors



under some circumstances, those precedents stem from court rulings on US securities

In the Euromarkets, the closest occasion to default involved ECP of Klöckner and Co, the West German company, which ran into problems with some of its short-term debts in August 1988. However, in that case, Deutsche Bank, the company'a chief lender which is also a stockholder, stepped in to pro-vide liquidity. But clearly, integrated has a much more arm's ength relationship with the

arrangers of its ECP programme than did Klockner.

How the company came to be in so much trouble so fast remains a mystery. After all, its commercial paper carried an investment-grade A-2 rating literally up until the day Intewould not extend fresh funds.

Miss Jill Hoyle, head of short-term instruments at Credit Suisse First Boston. said: "People shouldn't just put total faith in the credit rating agencies. Ratings are just a guide. They are not a substi-tute for doing your own credit

Integrated had been listed on Standard & Poor's credit watch list since January 2 with "developing implications," meaning the debt ratings could either be raised or lowered. Not nntil June 5 did S&P decide to switch its credit watch listing to one which suggested a downgrading and

it did not act to do so until June 14 - the day the com-pany first ennounced its lenders would not extend new

The moratorium was announced on June 15. leaving hapless investors no time to unload their securities.

Meanwhile, it is unclear whether investors have been receiving greater returns for taking greater risk. One money markets manager said: "One of the questions raised hy this whole affair is whether there is sufficient differentiation etween different borrowers." Dealers in ECP, for instance

point out that because the ini-tial investor base for the prod-uct consisted of banks, yields have been very closely tied to the London interbank offered rate. However, yields still do not vary much above that, partly because of intense com-petition among dealers for

In an effort to gain new business, dealers promise to place paper for borrowers at unreal-istically narrow spreads.

# AIBD suspends member after investigations

THE ASSOCIATION of Inter national Bond Dealers (AIBD) has suspended one of its memhers after investigations into the firm's investment activities. Capcom Financial Services, a London-based investment house principally involved in foreign exchange. broking, is the first member to be suspended since the AIBD became a designated invest-ment exchange under the UK Financial Services Act.

A statement to members said the suspension, from June 20, was based on "information available and shared by other regulatory organisations" about Capcom, which joined AIBD two years ago. Mr Erwin Flückiger; a member of the AIBD secretariat, said: "No horm has been done to other harm has been done to other AIBD members, and no inves-tors have been affected."

Capcom was suspended for six months by the London International Financial Futures Exchange (Liffe) on May 18 after a special board meeting. On June 12, the Chicago Board of Trade suspended Capcom indefinitely. Neither exchange gave reasons.

Arthur Anderson, the

accountancy firm, recently completed an interim audit of Capcom on behalf of the directors. The company's final andited financial statement is due on July 28. It is understood

the results of the interim audit were a factor in the decisions by the various exchanges to suspend Capcom.

Last year, Mr Syed Zianddin All Akbar, the managing director of Capcom, was arrested in the UK in connection with drug and money laundering charges brought in the US. He no longer has a managerial position with the company, but retains a 24 per cent shareholding. The main shareholders are private individuals.

Mr John Parry, who suc-ceeded Mr Akbar as managing director, said yesterday that the various suspensions were not drug-related. He confirmed that Capcom has been under investigation by the Associainvestigation by the Association of International Futures.

Dealers (AFBD), and said that as the firm's lead regulator the AFBD had a duty to investigate following the charges against Mr Akhar

against Mr Akbar. Neither the AFBD nor the Securities and Investments: Board (SIB) would comment. both arguing that they could not compromise the confidentiality of their respective mem-berships. Capcom was author-ised by the Securities. Association under the UK Financial Services Act.

Mr Parry said a meeting was scheduled in July with the AFBD to discuss Capcom's future.

### European Community issues Pta15bn matador bond By Katharine Campbell as low as 100 basis points below London interhank THE European Community **NEW INTERNATIONAL BOND ISSUES**

in Eurasco METALLGESELLSCHAFT, the West German metals and mining group, has taken a one-sixth stake in Eurasco Zürich, a financing company owned hy Soviet, East German and West

German interests, Reuter reports. Eurasco has raised its capltal to SFr30m (\$17.5m) from SFr5m, including SFr5m paid in by Metallgesellschaft to facilitate the ownership reor-ganisation, the financing com-

Two Soviet groups, the Bank for Foreign Economic Affairs and the Soviet-controlled Don-an-Bank of Vienna, had reduced their combined shareholding from 60 per cent to 50 per cent.

Having Metallgesellschaft as a leading sharebolder would help Eurasco expand trading activities, the company said.
"With Metallgesellschaft we have won a partner which has long experience in bartering and countertrade."

took advantage of the boost conferred to the Spanish debt market by the peseta's entry

offered rates. Traders noted the EMS move into the European Monetary System at the beginning of the had spurred considerable interest in the Spanish market this week, both in domestic govern-ment paper and in recent mataweek to bring the first matador bond with a maturity under

five years.

The Pta15bn four-year bond, led by Bankers Trust'e Madrid German investors had been particularly attracted by the combination of the currency's new relationship to their own, with the high yields of a more operation and Banco Hispano, was trading at a 1 per cent INTERNATIONAL

exotic market. With interest in many of the seasoned matadors rekindled, dealers expected the EC issue

to be well supported.

Otherwise the primary market was generally quiet. In the Auetralian dollar sector Toronto Dominion Australia issued an A\$50m bond led by Hambros Bank, which was perceived by some sources outside the deal to be expensive given the frequency of that borrower's appearance in the markets. They noted that a previous one-year issue had not performed well.

The paper was quoted on fees at less 1½ bid. It is appar-

US DOLLARS 214/112 Dalwa Europe 214/112 Yamalchi Int. (Europe) 1/5 LTCB Int. Nichimen Corp.

Senrio Co. 1/5 LTCB int. Sbp Nomura int. 21/11/2 Morgan Stanley int. LIVES 21(h)#0 Amgen Inc.(f)#0 AUSTRALIAN DOLLARS
Toronto-Dominion Australia 101% 11/2/1 Bankers Trust Servicios 12% 101% 1993 Citicorp inv.Bank(Switz) UBS Citicorp inv.Bank(Switz) Swiss Publication Nichimen Corp.(a)5\*\*\*
YE Data Inc.(b)5\*\*\*
Uekigumi Co.(c)5\*\*
Asakawagumi Co.(d)5\*\* Uny Co.(e) 300 100 214/112 Doutsche Bank 1994 \*\*APrivate placement. \$\text{\text{With equity warrants.}} \$\text{Convertible.}\$ If loating rate note. \$\text{\text{Final terms.}} a) indicated yield to put 4.20%. b) indicated yield to put 4.27%, d) indicated yield to put 4.229%, e) Coupon fixed as indicated. 1) Coupon indicated between 7½-8%, g) Additional \$78m on tap, h) 18½ bp over 6-month Libor.

rate Australian dollars. The domestic currency had moved sharply up against the US dollar overnight, on top of a sharp appreciation (about 5 cents) in the past two weeks, and dealers suggested that Continental European buyers Continental European buyers might be wary of such levels.

RISES AND FALLS YESTERDAY

Two equity warrants also came to the market yesterday. Nichimen issued a four-year bond carrying an indicative coupon of 4.375 per cent. Final terms are to be set on June 27. Daiwa Europe, the lead manager, said the paper was quoted at less ¼ bid. A Sanrio \$200m bond bears

an indicative 4.5 per cent, and

Yamaichi, which brought the deal, quoted a hid price of par.
Against the background of a recovery in the US Treasury market, Wednesday's \$250m straight bond for IRM Credit Corporation was trading at around a 1.32 per cent discount to the issue price, within fees of 1% per cent.

THE purchase by Hanson of the near 30 per cent stake in Consoli-dated Gold Fle)ds hald by Minorco, the unsuccessful bidder

exchange market and the broad stability of interest rates in the UK helped to restrict turbulence in

unsettled the markets.

### Bikuben heads savings banks' drive for listings

By Hilary Barnes in Copenhagen

BIKUBEN yesterday became the first Danish savings bank to obtain a stock exchange listing after conversion into a pri-vate limited company, a move made possible by legislation which took effect this year.

On the first day of business the shares were traded at up to DKr290, compared with the offer price of DKr270. In the first phase of the flota-

tion, 83 per cent of the savings bank's guarantors exchanged guarantee certificates for shares. The remaining shares,

LONDON TRADED OPTIONS

ran in several directions, and included the question of how Minorco would dispose of the money arising from the sale of its Gold Fields holding and how Hanson would handle a successful bid for Gold Fields.

A striking feature was that both Harson, up 11p on the underlying market to 214p, and Gold Fields, up 203p to 1,466p, rose.

with a face value of DKr191m (\$24.9m), were oversubscribed 5.5 times.

Total share capital in Blkuben, which is Denmark's fifth largest bank with total assets of about DKr70bn, is DKr960m, of which DKr215m is held by the Bikuben Foundation. The foundation controls a voting majority. Several other savings banks

are planning conversion into companies, including SDS, which is the country's biggest savings bank.

day yesterday, saw 77 bargains at an average size of 37 con-

Set aside Hanson, Recal and Trusthouse Forte to provide most

Dealings in the options on this

stock amounted to 2,104 con-tracts. The stock was up on the

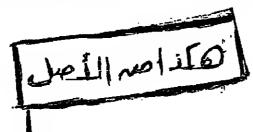
### WORLD COMMODITIES PRICES

	These indices at the institute										
EQUITY GROUPS  & SUB-SECTIONS  Figures in parentheses show number of stocks per section			Thursday June 22 1989							Mon Jen 19	Year ago (approx)
		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xt adj. 1989 to date	Index No.	Index No.	index No.	Index No.
1 CAPITA	L. GOODS (205)	969.63	+0.3	10.86	4.05	11.37	14.74	964.97	964.92	957.69	793.5
2 Bulldin	g Materials (29)	1297.63	+0.5	11.77	4.29	10.49	22.32	1201.60	1198.77	1183.19	
3 Contract	ting, Construction (37)als (9)	2075 27	+0.2	14.05	4.26	9.34 14.87	30.72 50.60	1648.40	1641.42 2815.77	1628.98 2796.58	2198.3
S Electro	2415 (7/	2245 27	-0.8	8.3B 8.50	3.09	15.25	23.92	2851.79 2264.89	2265.77	2249.61	
6 Mechai	nics (30) II cal Engineering (54)	532.42	70.0	9.99	3.97	12.31	8.84	532.12	531.15	527.96	405.9
<b>&amp; Metals</b>	and Metal Forming (7)	. 521.28	+0.4	19.21	5.74	5.73	5.02	519.04	578.83	517.49	479.8
9 Motors	(17)	. 328.18	+0.5	11.32	4.63	10.37	6.83	326.66	324.39	322.12	263.9
lO Other I	idustrial Materials (22)	1622.37	+1.7	9.27	4.23	12.88	26.35		1594.03	1505.27	1317.1
SYLCONER	MER GROUP (187)	1242.44	+0.4	8.90	3.63	14.05	17.90	1237.65	1231.89	1225.00	
22 Brewer	S and Olstillers (22)  lanulacturing (20)  etailing (15)  and Household   14)	1360.79	+0.9	9.97	3.56	12.60	19.41	1348.76	1333.54	1321.00	
25 Food R	ianujacturing (20)	11103.56	+8.8	9.19 8.41	3.78 3.17	13.62 15.60	17.13 25.59	1994.82 2390.08	1086.36 2393.13	1063.90 2379.40	
27 Health	and Karcehold ITA)	2249 38	+8.2	6.59	2.64	17.22	21.58	2245.43	2242.34	2214.34	
9 Leisure	(33)	1661.19	+0.3	7.46	3.41	16.36	22.85	1656.78	1654.64	1651.47	
1 Packag	Ing & Paper (15)	566.50	-0.3	10.26	4,33	12.34	8.15	568.22	563.58	567.53	
32 Publish	ling & Paper (15) ling & Printing (19)	3588.16	-0.1	8.58	4.62	14.71	71.68	3578.96	3553.34	3542.78	
34 Stores	(34)	816.62	+0.2	11.13	4.41	11.76	14.98	815.15	812.78	804.87	823.5
35  Textile	s (15)	538.45	*******	12.60	5.39	19.88	13.42	538.55	536.65	534.98	610.3
	GROUPS (94)		-0.1	10.00	4.16	12.07	13.55	1130.22	1126.62	1127.66	
	es (18)		+0.7	7.05	2.33 4.58	17.56 18.75	14.91 26.38		1379.27 1286.67	1359.56 1276.53	
42 Connic	als (22) Merates (12)	1652 34	+3.0	10.75	4.91	11.57		1604.05	1603.26	1575.57	
45 Transp	ort (13)	2449 37	+0.4	8.61	3.68	15.69	39.22	2440.57	2438.78	2438.74	
47 Teleph	ort (13) one Networks (2)	1094.79	-1.3	21.39	4.53	11.38	2.76	1108.68	1113.46	1119.74	
48 Miscell	aneous (27)	1655.16	-2.7	9.43	3.61	11.79		1700.65	1683.16	1708.53	
49 INOUS	TRIAL GROUP (486)	.1160.7B	+0.2	9.76	3.90	12.63	16.18	1158.15	1154.65	1149.14	985.5
51 OII & G	ias (14)	2061.58	+6.2	10.37	5.42	12.81	51.14	2078.08	2968.63	2066.83	1863.67
50 500 SH	ARE INDEX (500)	1238.98	+8.2	9.84	4.10	12.65		1236.27		1226,97	
61 ETNAM	C7AL CROSS (724)	714 /2	-8.2	7.4	5.36		17.62	735.84	733.85	726.88	716.5
62 Banks	CIAL GROUP (124)(S)	731.47	-0.5	24.37	6.54	5.39	21.71	734.92	731.16	729.88	682.93
65 Insuran	ice (Life) (8)	1064.21	+67		5.61		29.86	1862.73	1057.89	1051.02	
66) insurar	ice (Composite) (7)	568.96	10011001	-	6.32	- 1	16.75	568.82	566.84	543.37	545.37
67 Hrsuran	ice (Brokers) (7)	.J 961.12	_0.3	7.86	6.52	17.12	31.63	964.16	964.70		1014.9
68 Mercha	ant Banks (11) Ly (52)	329.57	+0.2	-	4.71		5.93	328.90	328.93	327.41	363.66
69 Proper	ly (52)	.11315.70	-9.4	6.31	2.91	26.20	15.98	1320.94	1322.62	1308,90	1255.5
70 Other F	hancial (31)	359.07	+0.5	11.43	6.90	11.13	8.92	357,21	356.71	354.78	384.43
71 Investo	ent Trusts (70)	.,1158.67	+8.2		2.85		14.25	1148.46	1146.37	1141.24	913.9
AL Mining	Finance (2)	668.45	+8.2	H.63	3.84 5.60	12.90	10.45	618.00	619.61	617.58	5%.12
NO ALL S	HARE INDEX (704)	2224.02	+2.6	11.37	4.25	10.01	35.07		1302.23	1289.69	_
77 ALL-S	TAKE INDEX (704)	-	<del></del>				_	1112.12	1108.37	1103.16	970.7
		Hadex No.	Day's	Day's High (a)	Day's	Jps 21	Jun 20	Jan	Jan	Jun	Year
			Change		1.0w(b)		761	19	16	15	370

	FIXED INTEREST					AVERAGE GROSS REDEMPTION YIELDS			Thu Jun 22	Wed Jun 21	Year ago (approx.)
PRICE INDICES	Thu Jun 22	Oay's change %	Wed Jun 21	xd adj. today	xd adj. 1989 to date	1 2 2	Compons 15 y	62/5 69/5	18.05 9.62	18.80 9.61	9.18 9.35
British Gaver 1 5 years 2 5-15 years 3 Over 15 year 4 Irredeemab	116.92 129.24 rs139.93	-0.09 -0.17	116.92 129.36 140.17 163.51		5.61 6.96 7.09 6.34	6 7 8 9	Medium   5 y   Compons   15 y   25 y   High   5 y   Compons   15 y   25 y	CATS	10.16 9.63 11.30 10.31 9.80	9.40 11.15 10.88 9.60 11.29 10.29 9.78	9.14 9.59 9.54 9.33 9.46 9.69 9.41
5 All stocks Index-Linkel 6 5 years 7 Over 5 years	135.64 132.03	+0.06 -0.05	128.04 135.55 132.10		1.36 1.88 1.82	15	Irredeemables	5yrs Over 5 yrs 5 yrs Over 5 yrs	9.41 3.86 3.80 3.06 3.62	9.38 3.87 3.79 3.97 3.62	2.74 3.83
9 Debestures & E				-	5.91	15		5 years 15 years 25 years	12.00 11.67 11.33	12.00 11.67 11.33	10.31 10.71 10.74
10 Preference											

British Funds	35 855 386 49 12 92 103										
Plantations	103										
Totals 680 701  LONDON RECENT ISSUES  EQUITIES											
LONDON RECENT ISSUES EQUITIES											
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FINE PRINC VOTE	From P.E. Yacki Ratio										
**** Open Column Colu	19 212										
175 F.P 201 185 Sotier Cut Sp 197 +1 (4.0 2.5 199 199 199 199 199 199 199 199 199 19	19 212 49 89 38 17.0 5.9 11.4 2.7 18.4 2.8 19.8 4.3 12.9 1.6 17.7 1.7 48.5										
F1.47 F.5 - 2174 216.6 DAF W.V. F1.5 Help 5p 216.6 + 1 192.5 1.8 25 F.P 50 50 Boardon Your 10p 50 60 F.P 100 61 Ex-Lands Warrants 100 F.P 101 130 F.P 104 130 França Tradem 5p 133 +22 14.88 2.4	超遊										
\$ F.P 101 61 Ex-Lasts Warrasts 63											
130   F.P.   - 1.61   130   Francel Trading Sp   133   +2   14.88   2.4   16.60   F.P.   - 1.62   177   Sources 1.10   180   6.66   1.5   16.6   F.P.   - 1.75   16.6   Handleight batis, 50p   172   4.5   1.7   1.	4.9 10.2 4.9 18.2 3.5 10.2										
7 F.P 100 125 Renky Oil & Gas 55p	30 10.6 30 81 30 40.8										
	49 120										
	34 352										
120   17   120   111   120   111   120	55 128 95 82 34 131										
FIXED INTEREST STOCKS											
Istae Associat Latest 1989 Cler											
Price Pold Rature Date High Low Stock Pri	-										
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p op Date High Low p Determent p op Date First Dealings of Process or other official estimates for 1994 and pictured and pictor official estimates for 1994 and pictor of properties or other official estimates for 1994 and pictor estimates and pictor estimate	of capital, present in the latest on ratio leads of ordering gwarrants  Of liver Tunker old under the latest on the latest on the latest of th										

stability helped the opti so, a bi tracts hi calls an rose 7.8	of interest rates in the UK to restrict turbulence in one market. It was, even usy day, with 48,743 conandled, made up of 37,804 id 10,939 puts. The index points to 2,180. debating points of the day	the Hanson options business comprised 175 bargains, at an everage size of 43.2 contracts. Gold Fields saw 161 bargains at an average size of no more than 13.7 contracts. Flacal, which also had a busy	stock amounted to 2,104 contracts. The stock was up on the underlying market by 9p to 327p. The June 330 calls saw 844 contracts. There was some closing of tracts in the stock, particularly in the June 330 calls, although there was also some opening in the September 280 calls.
Q-tion	CALLS PUTS Jul Oct Jun Jul Oct Jun	CALLS PUTS Option Jul Oct Jan Jul Oct Jan	CALLS PUTS Option Amp Nor Feb Amp Nor Feb
Alid Lyuns (*456 )	420 42 59 65 3 6 9 460 12 30 41 14 21 24 300 22 14 32 45 47 48	Shelf Trans. 360 - 66 74 - 4 5 (*41.4*) 390 30 39 54 5 9 12 420 11 19 31 12 19 25	Tesco 160 30 35 42 1½ 2½ 3 (*7.85) 180 13 19 25 4 6 7 (*7.85) 200 4 10 15 16 18 19 10 (*7.85) 200 40 See Mary Jul See Mary
Srit. Airways (*206 )	180 29 35 38 1 2 3 200 11 20 24 4 7 10 220 3 10 14 10 20 22	Stordment 140 13 21 25 5 7½ 9½ (*153) 160 4½ 10 17 19 19 22	ASDA Grp. 160 20 25 20 2 4 3 (176) 180 3 11 16 9 12 13
Brit Com (*170 )	160 16 24 27 6 0 9 180 5 15 17 14 17 22 200 3 6 9 32 32 32	Translation 347 20 34 40 6 13 20 (*268) 377 5 20 25 26 30 36 tital.Biscults 300 61 74 80 2 3 412	Cotine 200 35 35 36 1 1 1 1 1 23 31 20 13 13 17 1 11 2 31 20 14 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3 3
Beeckum (%30 )	550 85 107 119 2 5 9 600 38 65 80 3 14 20	(958) 330 33 47 56 24 6 10 360 10 27 36 11 15 21	Amstrad 80 6 15 19 11 7 91 (**66 ) 90 11 10 14 7 12 15 . Barciers 420 42 54 60 2 5 A
Bests (*300 )	260 44 56 65 1 32 5 . 280 25 38 43 24 7 10	(*581.) 550 36 57 73 3 10 13 600 0 29 44 25 30 32	(*460) 460 6 21 32 7 19 20 500 1 3 14 42 48 48,
B.P. (*294 )	260 56 43 48 ½ 3 3 280 19 26 32½ 2 6½ 10	(18th annual 280 34 43 55 2 7 9 (1906) 500 10 32 41 8 15 16 330 42 17 25 26 30 32	Bine Circle 500 50 70 82 1½ 9 12 (*548) 550 8 36 52 10 27 32 600 1½ 16 31 54 58 62
British Steel (*79 )	70 9½ 14¼ 10 1 2½ 3½ 80 25 75 115 4 6¼ 75	Option Aug Nov Feb Aug Nov Feb Brit Aero 650 51 76 101 13 27 31	British Gas 160 31 32½ 35 ½ 1½ 2 (P191) 180 11 12½ 15 1 3 6½
Bas .	90 ½ 4½ 7¼ 12 12 14 900 127 157 172 2 4 9 956 80 115 130 4 10 20 1000 40 77 90 17 25 35	(*600) 700 22 48 72 37 50 55 BAA 330 21 41 46 54 12 16 (*340) 360 6 21 31 24 20 30	8hoes 140 6 16½ 22 2½ 10 15 (*144) 160 1 8½ 14 17 23 25 180 ½ 4½ 9 37 39 40.
C & Wire (*491.)	500 17 48 60 25 35 42	BAT leds 600 57 81 99 9 20 22 CMI) 450 28 57 49 77 20 60	Cimo 1300 90 147 170 2½ 15 25: (*1385) 1350 40 107 134 3 25 37 1400 9 72 98 20 47 57
Cons. Gold (*3450)	550 3 26 40 65 70 75 600 24 15 25 112 115 122 1400 65 90 105 12 30 45 1450 35 60 65 40 70 80	700 11 29 46 64 69 72 BTR 360 34 44 57 3 10 12 (*387) 390 14 25 36 15 22 25	Hanter Stat. 700 27 70 80 5 17 25 (*726) 750 1 34 55 32 40 47 Hillstown 260 15 20 39 11 9 11: (*272) 280 15 16 25 11 4 20
Courtanids	1500 12 28 - 80 100 ·-	420 3½ 12 22 40 42 44 Brit. Telecom 260 15½ 24 26 7 911½ (*256) 200 3 15 16 21 22 23	300 1 8 17 30 31. 31
(*340 ) Com. Valor	360 4 17 26 25 25 27	308 1 5% - 39 39 -	(*281.) 283 4 18 24 8 16 20 309 1 7 15 30 36 39
<del>(*369</del> )	360 17 26 30 5 15 14 290 4 12 21 24 32 32	(*574) 300 B 25 34 21 25 20 General 420 102 112 - 2 3 -	(°346) 397 2 12 - 14 22 - 360 20 24
6,K.M. (*408 )	260 55 65 73 5 45 7 300 28 37 51 4 11 14 420 7 21 34 18 26 28	(%17) 400 64 80 96 2 7 10 500 32 53 45 10 16 21	R. Reyce 160 35½ 42 45 ½ 1 2½ (*195 ) 180 13½ 25 28 ½ 4½ 7 7 200 1½ 11 17 6½ 10 13 .
Grand Met. (*552 )	500 58 68 87 1½ 6 9 550 17 33 55 12 21 26 600 3 15 28 50 51 35	CEC 220 34 39 45 1 31 5 (250) 240 16 24 36 52 8 12 260 51 12 18 17 19 21	Sears 110 6 12 17 1 3 4- **P1151 120 1 6 10 6 8 912 130 2 3 6 16 16 16 16
I.C.I. (*1303)	1200 114 138 180 4 14 19 1250 65 100 142 9 26 33 1300 34 65 110 24 47 53	Hasson 200 1712 28 30 115 3 515 (*214.) 220 5 144 164 95 105 13	THF 280 47 54 59 ½ 2 5 (*327) 300 27 37 47 ½ 7 9 330 4 17½ 27 9 17 29
Jagger	900 61 71 82 5 4 8 330 38 47 61 4 10 15	LASINO 460 68 22 (*071.) 479 19 45 - 23 33 - 500 0 30 42 35 43 48	Thorn Eldi 700 50 57 77 1 15 20 (7748) 750 0 30 45 11 38 42
(*356 )	360 14 30 45 12 22 28	700 7 25 40 17 14 14	758 100 11 13 13 1 2 3 (*110) 110 2 5 9 3 11 2 3
Klagfider (*307 )	250 31, 39 49 25 65 9 300 13 25 34 7 13 13 330 3 12 19 27 27 29	Pilicogram 220 18 30 35 4 7 11 (231) 240 7 19 25 14 17 19	(4577) 80 - 15 14 - 15 5 (4577) 80 - 6 65 - 7 10
Ladbroke (*587 )	550 45 68 77 4 10 16 600 14 33 48 24 28 32 650 3 16 21 65 65 70	Pleaser 240 29 36 42 11 <sub>2</sub> 3 41 <sub>2</sub> (7263) 260 15 23 28 8 9 91 <sub>2</sub>	Wellcome 420 36 57 73 1 9 12: P456 ) 466 5 27 46 12 22 27 500 1 13 26 46 50 50
Land Secur (4584 )	550 43 65 78 3½ 8 11 600 10 53 48 20 28 32 650 1½ 65	Projectial 160. 18 24 29 2 4 5	FT-SE PROFEX (* 2186) Jun Jul Aug Sep Jun Jul Aug Sup
M & S (*192 )	180 16 24 28 1 <sup>1</sup> 2 4 6	Racari 460 54 81 95 8 19 22 (498) 500 27 54 72 23 39 550 11 32 49 56 63 65	1950 238 257 267 285 5 25 6 8
(*192 ) STC	330 43 55 67 14 7 10		
<b>(*)66</b> )	360 21 35 47 10 19 22 370 6 26 33 30 35 39	542 S 22 37 39 43 45	June 32 Total Contracts 48,018
Salestri (*245 )	250 11 23 31 4 9 11 250 3 12 18 16 10 20	Soil & Ref 330 19 32 41 13 17 21 (*340) 360 9 19 29 32 35 39	FT-SE leater Calls 6921 Parts 3862 *Underlying security price



# NSM. Breaking new ground.

SM, the mining, minerals and building materials group, is now leaner, fitter and stronger.

With the annual results to prove it. In just 12 months negative earnings per share of 176 pence have been reversed into positive earnings of 8.5p a share.

All our activities are now profitable.

Major acquisitions have been made in the building materials field.

Our management team has been further strengthened.

Year to	31 March 89 £000	5 April 88 £000
Turnover	110,929	84,903
Pre-tax profit	. 16,517	(29,028)
Earnings per share	8.5p	(176p)
Dividend	3.0p	Nil

And we now clearly target what many will see as major growth areas of the 1990s – low cost power generation, building and refurbishment and environmental management.

In short, there is every reason to look forward with confidence.

### **UK Mining and Minerals**

NSM's subsidiary, Coal Contractors Ltd, is Britain's leading producer of private opencast coal. The coal produced is generally of a higher quality than other forms of coal, being lower in sulphur and chlorine.

This makes it more environmentally friendly, more profitable and gives it a more



exciting future than ever before.

Coal Contractors' strengths in opencast mining also make it well placed to take advantage of the projected privatisation of electricity and coal. In addition, the company is expanding production of fireclay, gypsum and other minerals.

### **UK Building Materials**

With our acquisition of Bison we now dominate the fast growing prestressed concrete flooring market,

Bison is the market leader in this highly profitable field and its products are used in virtually all types of building. 31

We have also made acquisitions in plastic and timber building products.

These will now be marketed under the Bison name, further enhancing its product range.

### **US Mining and Minerals**

NSM's US subsidiary in Pennsylvania, PBS Coals Inc, specialises in supplying "compliance" (low sulphur) coal to power stations.

80% of all its production is now sold for power generation locally and on the US Eastern seaboard. The company has substantial reserves and stands to benefit from impending acid rain legislation.

Indeed, the future for what has been termed "Green Coal" is outstanding, world-wide.

PBS Coals
Inc has also
profitably resumed
the shipping of metallurgical coal to the Japanese
steel industry.

To conclude, NSM has broken a lot of new ground in the past year.

We are now focused on major growth areas and face the future with strength, confidence and purpose.



The 1989 Annual Report will be mailed to shareholders in early July. If you would like a copy please contact The Secretary, NSM plc, Carlton House, Carlton Road, Worksop, Norts S81 7QF.

ment has been approved by Robert Rieming & Co. Limited, a member of the Securities Association, for the purposes of Section 57 of the Financial Services Act 1986.

**Trilion** 

back in the

black with

TRILION, the television and

TRILION, the television and production company in which Brent Walker holds a 29.5 per cent stake, yesterday reported its first profit at the pre-tax level since 1986.

In the six months to the end

of March, the company made & pre-tax profit of £144,000

against a loss of £735,000 in the first half of last year.

to £6.7m - reflecting the dis-turbance created by the move away from the Limehouse stu-dies for which the company received £25m in March.

Mr Keith Wilkinson, finance director, said that the com-pany would recover the turn-over and more following this

Turnover fell - from 27.7m

£144,000

### **UK COMPANY NEWS**

# Luxury goods division helps Rothmans to £327m

ROTHMANS International, the cigarettes and luxury consumer goods company, yester-day announced a 13.1 per cent rise in pre-tax profits from £288.8m to £326.7m for the year to end-March.

Gross turnover of the group, including associated compa-nies, increased from £5.1bn to

Cost savings and efficiency improvements in the tobacco division helped improve operating profits by 4.7 per cent to \$289.1m (£276m) on a slight fall in net sales revenues, excluding taxes and duties, to £1.66bn (£1.67bn).

The profits of the tobacco

The profits of the tobacco subsidiaries were reduced by adverse currency translation effects of £2m and rationalisation charges of £12.5m (£9.6m) which arose from the closure of a Canadian fac-

tory.
Mr Malcolm Thompson group finance director, said that volumes of tobacco had fallen in Canada and Singa-pore, as a result of government anti-smoking measures. How-ever sales in the UK were static and in the Far East were generally expanding.
Strong results from Dunbill

per cent rise in the operating profits of the luxury goods and other activities division. This division now accounts for 32 per cent of total operating profit compared with 24 per

Net interest receivable increased from £22.2m to £32m, as a result of higher interest rates and an increase in net liquid funds from £442.4m to £454m. Mr Thompson said that although the group was ever alert to acquisition possibili-ties, it had a problem in find-ing another Dunhill or Cartier

at a realistic price.

An extraordinary gain of 510.1m represents the share of profits arising from the sale hy the groop's associate, Rothmans Holdings, of its interest in confectionery manufacture. The tax charge reduced from 42.8 per cent to 39.5 per cent as a result of lower corporate tax rates in sevaral countries. Earnings per share attributable to ordinary and B' ordi-

nairy shares rose by 22.8 per cent from 42.6p to 52.3p.

A final dividend on the ordi-nary and 'B' ordinary shares of 8.8p (7p) was proposed, making a total of 12.3p for the year, an increase of 23 per

### • COMMENT

Given the combination of a cash mountain and two major shareholders, it is no surprise that Rothmans has attracted a plethora of speculation about prospective hids, disposals and acquisitions. For its part, however, Rothmans gives off an air of studied calm. It is relaxed about its growing cash nile about its growing cash pile, preferring, it seems, to sit out the craze for branded goods until prices subsida. Mean-while, it appears to have an amicable relationship with its major shareholders, Philip Morris and Richemont (which, in the short term at least is in the short term at least, is thought unlikely to bid). While bid speculation is slim, any sig-nificant re-rating seams unlikely. Most hopes for strong earnings growth are pinned on the luxury goods, where demand from the international jet set is growing apace. Profits from the tobacco side will plod ahead, depending on remaining scope for efficiency improve-ments, benefits from a stronger dollar and above inflation price increases. Analysts expect profits of about \$370m this year, which puts the shares, up 4p to 549p. on a rating of just over 9.

# New chief at Bestwood as battle goes on

BESTWOOD yesterday appointed its third chairman within a year, but the move may not have defused the battle for control of the property and industrial holding com-

The new chairman is Mr Jim Furlong, a director whose bousehuilding business was bought by the company in Sep-

He and his family own some 25 per cent of Bestwood, and their stake was instrumental in preventing Mr Tony Cole, who resigned as chairman of Bestwood last July, from deposing the group's existing management at the end of March

The resignation of the latest chairman, Mr Anthony Holmes, means that Mr Cole has achieved his principal aim. Mr Holmes will not seek reelection to the Bestwood

board.

But Mr Cole, who owns 20 per cent of Bestwood, said yesterday that his position was unchanged, despite the resig-



Two ex-chairmen: Tony Cole, (left), pursuing legal actions, and Anthony Holmes, who will not seek re-election to the board

nation of Mr Holmes. "The key question is still: when are the shareholders going to get some value?" he

saying he was considering a bid approach to Bestwood, which would have valued the company at £23m, or 77.5p a share. The group's shares were

unmoved at 38p yesterday. He refused to comment yesterday on the possibility of a bid for

the group.

Mr Cole added that he would Mr Cote adden that he would continue to pursue outstanding legal actions, which include two likel writs against Mr Holmes. He is also questioning the validity of the Furlang family voting its 25 per cent stake in favour of the board at the

Mr Cole had hoped to win a place on the board himself, although after the March egm he said he would not necessarily put himself forward as an alternative to Mr Holmes if another meeting were called.

Mr Holmes becomes the fifth director to resign since Mr

director to resign since Mr Cole's departure, following Mr Jeremy Colson, the group's finance director, who quit at the end of last month.

Bestwood also announced yesterday that Mr Alan Kaye, managing director of the group's mortgage lending sub-sidiary, had been appointed an executive director.

summer's £5.25m purchas of Lee International's studios la The balance sheet was strong and the full effects of a huge rationalisation programme at Trilion had yet to be felt, Mr Wilkinson said. The interest bill for the hair

year fell dramatically , from £1.024m to £291,088; earnings per share were 0.2p against a loss of 2.5p.. There is no dividend.

### Merger to create 10th largest ad agency ing selling a minority interest to Omnicom, another US Court, Twivy, D'Souza: Lintas

LINTAS:LONDON, part of the US-based interpublic group of advertising agencies, is to merge with Still Price Court Twivy D'Sonza, a four-year-old UK agency. The price of the transaction was not disclosed. The deal will create Britain's 10th largest agency, with an estimated £129m in hillings in 1969, according to Mr Ken Robbins, chairman of Lintasinternational, the London-based parent of the new combined agency.

agency.

The merger is unusual in that Lintas will have a majority equity stake but the former partners in Still Price will have voting control over the agency. It will be called Still, Price,

Net asset value of The

Net asset value of The Bankers' Investment Trust stood at 1044p at April 30, a near-24 per cent rise on the 843p prevailing a year earlier. Directors said that trust con-tinued to concentrate assets in the UK and US

Earnings per share for the half-year to end-April advanced

39 per cent to 0.99p (0.71p) and the second interim dividend is

0.55p, against the 0.42p paid at

CAMFORD ENGINEERING yesterday expressed fresh con-cern about the intentions of

Markheath Securities, the UK investment vehicle of Austra-

lian huainessman Mr John Spalvins, which has continued to increase its holding in the

motor components manufac-

Mr Brian Cox, Camford chairman, said he believed that

Markheath planned to lift its stake to 29.99 per cent, after reaching 28 per cent on Wednesday through the purchase of a further 2 per

Signalling the possibility of a bid for the company Mr Cox said: "If there are any further significant davelopments shareholdars should await advice from their board."

**Bankers** 

the UK and US.

Investment

Trust gains

(UK).
This reflects, Mr Rohhins

said yesterday, Lintas' desire to strengthen its UK management and creative presence.

Perhaps Still Price's most notable recent campaign has

involved Dame Edna Everage's stooge making percolator noises as sha pours boiling water on Brooke Bond Red Mountain instant coffee. Lintas also sought the

merger to boost its position in the UK league table.
Still Price, on the other hand, said it had grown to the point where advertisers wanted to use it not just in the UK hut also in other countries.

Mr Chris Still, who will be chairman and chief executive of the combined group, said he and his partners had concluded that "the task of setting up a true European network of the calibre that clients like Unilever require is just not on at

Most of the other key execu-tives will also come from Still Price, except for Lintas' Mr Ced Vidler, who becomes exec-utive creative director. Mr Gerald Wright, chairman of Lintas-London, moves to become chairman of Lintas UK Group, which oversees two other British-based agencies, CM/Spectrum and Lintas-Overseas.

Still Price had been consider. Still Price had been consideradvertising group, but chose Lintas for two reasons, Mr Still said last night. One was Lintas' close ties with Unilever, which accounts for 40 per cent of Still Price's business. The other was Still Price's desire

other was Still Price's desire not to report to Mr Martin Boase of Boase Massimi Pollitt, which is being taken over by Omnicom in a bid declared unconditional yesterday.

Interpublic, which also owns McCann-Erickson, recently agreed to raise its holding in Lowe Howard-Spink & Bell, the UK advertising and public relations agency, from just under 25 per cent to 35.7 per cent.

# Trillon Share price (pence)

EMAP £17.5m offer for Bucks & Herts

EMAP, the newspaper, magazine and exhibitions group, has mada a recom-mended £17.5m offer for Bucks & Heris Newspapers, a news-paper publisher and contract

Bucks & Herts made pre-tax profits of £1.4m on termover of £7.5m in 1988, Up to half of the payment will be made in EMAP shares, with the remainder in cash or

cash and £397,000 by the issue

of Hyman ordinary stock units.

Verta is a specialist converter of polyurethane foams and is based in Manchester.

MOLINARE VISIONS: WH Smith Group owned, had con-tracted to purchase or had

# Stockbrokers' special deal on Abbey National shares

By Clare Pearson

TWENTY-FIVE stockbrokers of 100 shares, the minimum number of the society who qualify for free shares, and also apply for extra society, which plans to join the stock market in a £1.7hn lotation on July 12.

Operating from some 6,000 outlets up and down the country, the firms will be in competition with the service Abbey National has already arranged with Sharelink, the share deal-ing subsidiary of British Telecom. The Stock Exchange yester-day said that the firms have all agreed to deal in batches

me-Edridge Pope, Eurocopy, New Zee-

tand inv. Fleets- Aberloyle, Bulgin (AF), Electric &

dealings in shares worth up to £1,600.  The Stock Exchange also
EETINGS
General, Goodman, Kewill Systems, Merting Inds, Soundracs, FUTUIN DATES
heterbree FII-Fylies Scandinavian Bank June 26 Scandinavian Bank July 22 Scandinavian Bank July 24

OFFSHORE OIL INDUSTRY

The Financial Times proposes to publish a Survey on the above on

6th September 1989

For a full editorial synopsis and advertisement details, please contact:

Ian Ely-Corbett

on 01-873 3389

or write to him at:

Number One, Southwark Bridge London SE1 9HL.

**FINANCIAL TIMES** 

announced yesterday that it will be relaxing a number of its requirements to make it easier for member firms to transact business in the shares during the early days of trading.

These mostly mirror mea-sures carried out during tha shares in the float, will be get-Beside the large number of

regional brokers, the 25 include Barclayshare and National Westminster Bank. more recent Government

The firms will be charging cheap rates with the minimum commission expected to be competitive with Sharelink's It also said that the London Traded Options Market had agreed to introduce traded options on Abbey National's shares on the first dealing day. Meanwhile, IG Index, the London bookmaking firm spe-cialising in financial bets, has opened a book on the price at which sharas in Abbey National will close on the

first day of dealings. The betting provides a form of hedging for Abbey National members who have applied for, and expect to receive, extra shares. However, they will not be notified of how many shares they are getting till after the offer closes next Thursday.

### Kemp profits fall against backdrop of higher charges and intense competition

SHAREHOLDERS of PE Kemp, the theatrical engineer and scenery builder quoted on the Third Market, received another disappointment yesterday fol-lowing news of a sharp decline in pre-tax profits from £118,790 to £34,339 for the six months to

April 30.
In his two previous statements, Mr Peter Kemp, chairman, referred to the "difficult times" being experienced by

Mr Ian Creber, a Markheath director, described the Cam-ford statement as "emotionally charged" and said that he had no firm plans for the holding.

"The only thing we won't do is sit and do nothing," he added. Mr Cox said that despite sev-eral discussions with Mr Spal-vins be did not know what the

Australian planned to do with the holding.

become a seller of the shares if Markheath needed the money

Markheath needed the money or when he loses interest in the investment," Mr Cox said. "I rather get the impression that Mr Spalvins likes to control companies while holding less than 50 per cent of the capital. This policy seem to suit him but I find it over bearing and bullying and it does not do jus-

**EUROPE 1992 and BEYOND** The Financial Times proposes to publish a Survey on the above on 24th July 1989 For a full editorial synopsis and advertisement details, please contact:

Simon Timmis or Gillian King

on 01-873 4797 or 01-873 4823 or write to him/her at: Number One, Southwark Bridge London SE1 9HL.

"Mr Spalvins could well

a situation that resulted in group profits falling from £310,000 to £177,000 in the last full year.

Contributing factors for the latest downturn included a sharp turnround from interest receivable of £899 to charges of £50,535 and the intense competition in theatre, exhibition and display work, reflected in furnover down from £1.84m to

position had improved following the sale in April of freehold premises owned by its Harker Homan and Bravery subsidiary and there would be a first-time contribution to profits by that company with more to come from the interest in Unit 1 Production Ser-

The interim dividend is held at 0.5p from earnings of 0.57p (1.47p) per 5p share; last year's dividend total was 1.5p.

## Camford hits out at Markheath

### **COMPANY NEWS IN BRIEF**

tice to the majority of share-holders," he said. It is understood that the question of board representa-tion for Markheath has been discussed. However, they failed to reach agreement on the con-ditions which could have

included an undertaking not to bid or an accord on how Markheath's stake would be dis-posed of if there was a decision Markheath began purchasing Camford shares early last year and between last December and January this year was an active buyer, boosting its hold-

ing from 11 per cent to about 19 per cent.

Camford shares yesterday firmed 5p to 307p. Markheath acquired a large portion of its stake at about 190p.

CONTROL TECHNIQUES is to acquire at book value the stock and work in progress, and, at an agreed valuation, the fixed assets of Power Electronics, an Australian company specialis-ing in telecommunications rectifiers and AC/DC motor drives. The exact consideration payable will be determined on completion of a stock-take. The current total value for the assets being acquired is esti-mated to be below A\$1.5m (about £750,000). Consideration

will be paid in cash on completion, expected to be July 3.

HYMAN has acquired Verta
Holdings for a consideration of
£1.5m to be satisfied by £1.163m

Hyman has acquired Verta

Knightsbridge, London.

received acceptances for a total of 25.16m Molinare shares (91.93 per cent). The recommended cash offer has been extended until July 5. WYNDHAM GROUP is to sell a portfolio of properties situated in Cardiff for £3m to be satis-

	payment	payment	dividend		last year
Amber Ind Hidgefin	9.75	-	7.75	13.5	11
Anglia TVint	2.0	-	2.35		
Bankers Inv Tetint	0.56	Aug 31	0.42	-	7.75
Burns-Andersonint	1.9†	Aug B	1.75	-	1.92
CH industrialsfin	3.8251				4. T
Drummond Group _fin	2.7	Sept 21	3	4.875	3.75
ERFfin			2.1	8.7	3.1
Erostin Groupfin	111	Aug 9	7	15	e
	4	-	-	e	
Komp (PE) +int	0.5	Aug 1	0.5	•	
Lee (Arthor)Int	1.55		1.25	-	1.5
TWP Inclin	34	_	1,424		4.25
Penny & Gliesfin	2.45	-		4.5	1
Rothmans half	8.8	-	2.12	3.5	S
			7	12.3	10
Dividends shown pence	per share	e net exce	pt where	otherwise	alalar

DIVIDENDS ANNOUNCED

\*Equivalent after allowing for scrip issue. fOn capital increased by rights and/or acquisition issues. §USM stock. §SUnquoted stock. §Third market. In the perce.

### **GENERALE**

REPORT 1988

The shareholders' general meeting of June 20, 1989 approved the accounts for the 1988 financial year and agreed to the payment of an unchanged dividend of BEF 115 net on ordinary "part de reserve shares", BEF 82.675 on partly paid up "part de reserve" shares and BEF 140.35 on AFV "part de

In 1988 we achieved an increase in the consolidated current pro-fit for the group from BEF 3.7 billion in 1987 to BEF 18.6 bil-lion. Generale's relative share in this profit was BEF 11.2 billion.

The substantial increase in the current profit was affected by vary significant exceptional lossas (BEF18.5 billion) of which the main part (BEF16.6 billion) stems from restructuring efforts in various companies, including FN, Gechern and Gene-

After these exceptional items and after tax, the net consolida-

led loss was BEF2.5 billion compared with a net profil of

BEF3 billion in 1987, Generale's relative share in this net loss is BEF2.4 billion compared with a profit of BEF3.6 billion in 1987.

The restructuring efforts have clearly had a very strong impact on the group's results. Gene-rale's relative share in these non-

is BEF11.9 billion on the above-mentioned BEF16.6 billion. With-out these exceptional items, Generale's share in the total net result would have been BEF9.5 The extraordinary general mee-ting which was held after the

annual general meeting approved the proposed share split, in the proportion of three new shares for two old ones. Between June 28 and 30, 1989, 7 million "part de reserve" shares (after the share split) will be publicly offsred for sale. This is nately 11% of the total

If you wish to receive a copy of the Annual Report for 1988 please return the reply coupon to Societé Générale de Belgique Service Communication

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Name and Forename(s)	
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7 000 000 0 0 0 1 1 1 1 1 1 1 1 1 1 1 1	£-

### WATER INDUSTRY

The Financial Times proposes to publish this

25th July 1989

For a full editorial synopsis and advertisement details, please contact:

> **DENIS CODY** on 01-873 3301

or write to him at:

Number One Southwark Bridge London SEI 9HL

**FINANCIAL TIMES** 

### **COMPANY NOTICES**

### **BAYER AKTIENGESELLSCHAFT** PAYMENT OF DIVIDEND

NOTICE IS HEREBY GIVEN to shareholders that following a Resolution passed at the Annual General Meeting of shareholders held on 21st June, 1989 a Dividend for the year 1989 of DM 12.00 per share of DM 50 nominal will be paid as from 22nd June, 1989 against delivery of Coupon No. 48.

All dividends will be subject to deduction of German Capital Yields

The net amount of dividend is payable in German Marks. Paying Agents outside Germany will pay in the currency of the country in which the Coupon is presented at the rate of exchange on the day of

Coupon No. 48 may be presented as from 22nd June, 1989 at the Company's Paying Agents in the United Kingdom:— Hambros Bank Limited HIII Samuel Bank Limited Kleinwort Benson Limited S.G. Werburg & Co. Ltd.

from whom claim forms may be obtained. United Kingdom Income Tax will be deducted at the rate of 10%, (10 Pence in the £1) unless claims are accompanied by an affidavit. German Capital Yields Tax deducted in excess of 15% is recoverable by United Kingdom residents. The Company's United Kingdom Paying Agents will, upon request, provide the appropriate form for

21st June, 1989

BAYER AKTIENGESELLSCHAFT

### PUBLIC NOTICE

Please take notice that Muslim Commercial Bank Ltd., U.K's operations (operating from ground Floor, 161-163 Commercial Road, London E1 2DA and 553 Calicart Road, Glasgow G42 83G) will be closed down on 30th June 1989. All the assets and liabilities will be merged with Allied Bank of Pakistan Utd., 14 Trinity Square, London EC3N 4AA.

As from 1st July 1989, the existing branch at 161-163 Commercial Road, London El 2DA, will cease to operate. All essets and šabilities will be merged with Allied Bank of Pakistan Ltd., 14 Trinity Square, London EC3N 4AA. However, branch at 553 Catheart Road, Glasgow G42 83G, will be trading as Allied Bank of Pakistan Ltd., Glasgow.

We thank our customers and all those concerned for their ecopera-tion and regrel for this

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PUBLIC NOTICE

General Manager, Muslim Commercial Bank Ltd., Ground Floor, 161-163 Commercial Road, London El 2DA.

### **UK COMPANY NEWS**

# No accounting for goodwill

David Waller and Richard Waters ponder on the ASC's new ruling

ORD HANSON, chairman of the acquisitiondrivan conglomerate which bears his name, was in the news yesterday as his com-pany launched the UK's latest mega-bid, in this case a £3.1bn offer for Consolidated Gold

The ennobled entrepreneur is better known for this sort of corporate buccaneering than for his contribution to the fierce philosophical debate on the best way of accounting for goodwill.

Nevertheless, on the day on which the Accounting Stan-dards Committee came out with a contentious ruling on the subject, Lord Hanson's musings on the knotty issue last year deserve to be remem-

"if you're trading a borse," he explained, when asked by a baffled shareholder about the problem, "it's the value to the buyer and what the seller can

If only it was as simple as that Yesterday's recommenda-tion from the ASC - that goodwill should be put into companies' balance sheets and written off against the profit and loss account - will have a significant effect nn tha reported earnings of many public companies.

It is another case, all too familiar in the accountancy world, of a technical rule

"BRAND" ACCOUNTING, the fashionable UK practice of

valuing brands and inserting

them into balance sheets, was yesterday attacked in a damn-

from the London Business

They concluded that brands

usually cannot be identified

isfy the test of an "assot"

required for inclusion in a bal-

Also, the valuation methods that have been used are subjec-tive, and the stock market

regards the information as of

The heavyweight research

**By Richard Waters** 

School

change which - if implemented - would have a serious, possibly distorting, influence on the decisions of businessmen and institutional

on the face of it, the arguments are fairly removed from the world of commercial reali-

Advocates of capitalisation (regarding the goodwill that arises from an acquisition as an asset and putting it into a balance sheet) and amortisation (writing the asset down over a number of years) say that goodwill is an asset, like any other, and should be writon down like any other.
Others claim that it cannot

be treated like other assets.
Goodwill (a term which actually covers all the intangible assets of a business, from brand names to the abilities of the chief executive) is something that no company can operate without, and which all companies are continually rebuilding it is therefore wrong to write it down against profits, since this would imply

it is a westing asset.

B otb approaches are adopted by UK companies. British & Commonwealth: Holdings, the financial services group, is in the capitalisation and write off cann talisation and write-off camp. Its balance sheet is buttressed by intangibla assets amounting to £1.25bn, but its

study was commissioned by the Institute of Chartered

Accountants in England and

Wales in an attempt to bring some academic discipline to

bear on the subject. It will be used by the ASC this summer

as it tries to agree on account-

"The implication for standard-

setting is that the present post-

tion, far from being neutral, is

potentially corrosive to the whole basis of financial report-

ing and that to allow brands to

continue to be included in balance sheets would be highly

If accepted by the ASC, this

The researchers concluded:

ing rules to cover this area.

profit and loss account is depleted each and every year by a write-off of one 25th of

The goodwill arose as a result of four acquisitions," explained Mr Rusty Ashman, B&C'a finance director yester-

"We felt that all the money we had spent had gone on something valuable. It seemed daft not to show that on the face of the balance sheet." ot only daft, but somewhat impracticable, because a full write-off would all but eliminate share-

holders' funds.
This is a problem suffered by
many acquisitive companies in
the service sector. They are the
most vulnerable to goodwill problems as the value of the business depends more on peo-ple than plant and machinery. There is evidence of this in the latest accounts from Saatchi & Saatchi, the interna-tional advertising group. They show that after writing off goodwill of £167m in 1988, net assets stood at £107.6m compared to £727.9m in the previons year. Despite the compa-ny's well-publicised problems with its consultancy arm, few would argue that such a figure

gives a real indication of the true worth of a company which made pre-tax profits of £138m last year. Some companies adopt a

poses a significant question for those companies which have

already shown brands in their

accounts, which may in future find that they are required to

reverse their policy.

The report also makes uncomfortable reading for

anditors who have gone along with their clients' decisions to

value assets. It said of its con-

clusions: "Taken together, these problems add up to a

highly tenuous basis for audit about which auditors must be

In an apparent allusion to

possible conflicts of interest in

audit firms, it added that these

considerations "must leave

gravely concerned."

halfway-house position. Thus, for example, the TI Group has taken to presenting its figures before and after the write-off of goodwill that arose on acquisi-

tions in 1987 and 1988. As recently as 1985 the UK emed to have come up with its preferred answer. That year saw the introduction of Statement of Standard Accounting Practice 22 on accounting for goodwill, which recommended that goodwill be written off

against reserves.

Many companies followed this, only to find themselves embroiled in fresh controversy when they took steps to shore np the balance sheet in the aftermath of the write-off. I he "brand accounting"

fashion of recent months, sparked by Ranks Hovis McDougall, has been an attempt by companies to repair their balance sheets by effectively turning part of the goodwill into brands. These brands are put into the balance sheet and not written off. Thus Guinness, the brewing and drinks group, initially wrote off £1.39bn on its acquisi-tion of Distillers in 1986, only to add £1.38bn back again in 1989 by way of a brand revalua-

It seems highly unlikely that the ASC's latest recommendation will be accepted without a fuss and the muddle is likely to

them open to serious unwell come commercial pressures",

of the researchers and professor of accounting and financial control, said yesterday: "If you continue to allow this practice,

the way is open to all sorts of

atudy were Mr Paul Marsh

finance, Mr Patrick Barwise,

senior lecturer in marketing and Mr Christopher Higson,

Accounting for Brands, London Business School, Sussex Place, Regent's Park, London NW1

4SA. Price £15 (£16 by mail).

lecturer in accounting.

The others involved the

sor of management and

Mr Andrew Likierman, one

Mr Hndgson said be was encouraged by the prospects

Following some recent acquisitions, Mr Hodgson said

Alexander Russell has sold pany for \$3.5m (£2.25m),

### **All-round** growth lifts Granville over £1m

By David Lascelles, Banking Editor

GRANVILLE. privately-owned UK banking and financial services group, saw a strong increase in profits in its latest financial year to March 31 1989. The result was belped by good perfur-mances in all its main activi-

mances in all its main activities, banking, stockbroking and investment services.

Profits before tax were £1.12m, up 35 per cent from £331,000, the first time the group has topped the £1m mark. During the year the group's investment portfolin also increased in value to £2.2m from £5.2m £8.3m from £6.3m. Mr Robin Hodgson, the man

aging director, said: "It has been a good year, and it will

The group has been active in corporate finance, where it specialises in development capital and merchant banking for small and medium size companies. It also provides stockbroking services for institutinns and individuals, fund management and personal financial planning. The group has recently launched its second development capital fund

encouraged by the prospects for small groups like Granville which were able to provide specialist services. The group had also been able to make a profit from its private client business at a time when others were pulling nut. Controlling back office costs was the key to this, he said. to this, he said.

that "the building blocks are nnw in place" for an expansion of the business. "We see our-selves growing quite rapidly in the next three years", he said.

Alexander Russell \$3.5m US sale

Amscot Coal, its US snbsid-lary, to Diamond Coal Com-\$50,000 of which was paid on completion. The balance is due in 10 equal instalments over a

# Drummond falls to £1.6m after a year of difficult conditions

Drummond

140

120

100

80

60

Share price (pence)

1986

a7

bas exhausted its tax losses

and made a higher tax payment of £356,000 (£334,000)

thereby depressing earnings

In December Drummond

negotiated an agreement whereby Chargeurs, the French textile group, took a 20 per cent stake in the Yorkshire

company in return for a casb

The cash injection bas reduced its gearing - from

about 50 per cent a year ago to 17 per cent - and will enable it

to embark upon a £5m invest-

ment programme. Drummond

88

By Alice Rawsthorn

DRUMMOND GROUP, the Bradford based wool textile company in which Chargeurs of France has bought a stake, saw pre-tax profits fall from \$2.1m to £1.6m in the year to April 2 due to erratic domestic demand and a slowdown in

Mr Stefan Simmonds chairman and a substantial shareholder, said the group had experienced a "difficult year". Earnings per share fell to 11.12p (15.57p). Nevertbeless the board has decided to raise the final dividend to 2.7p making a total of 3.7p (3.1p).

Drummond weaves cloth for women's wear, men's wear and workwear at its Yorkshire mills. It managed to boost turnover to £32.8m (£30.1m) during the year, but profitabil-ity was depressed by the cautious pattern of retail buying in the UK. At the same time exports, representing 10 per cent of sales, suffered from eco-nomic instability in the Middle Rast. Operating profits fell to

The company's stock levels rose because of erratic retail buying. The impact of this was exacerbated by higher interest rates and its interest payment rosa to £697,000 (£466,000). Drummond

£2.3m (£2.6m).

plans to use the money to reequip its weaving and finis'ning facilities over the next three

> Mr Simmonds said the pattern of trading was still "patchy" but the group expected to return to profits growth

O COMMENT

The troubled tale cf Drummond is becoming all too familiar in the textile sector. The combination of increasing imports and retail caution over consumer sper,ding has imposed intense pressure on profitability. And the impact of increased interest rates on companies struggling against rising stocks is yet another burden to bear. The problem is that there is no real prospect of improvement. The weaker pound will eventually enable Drummond's customers in the clothing industry to be more competitive against imports But it takes time for currency changes to affect the pattern of retail buying and the pressure on interest rates is as intense as ever. Drummond's profits should rise to £1.9m this year. But its sbares, on a prospective p/e of 61/4 at 80p yesterday, may take rather longer to

# Arthur Lee advances to £3.6m

By Edward Sussman

PROGRESS in all divisions allowed Arthur Lee & Sons, the steel and plastics group, to increase pre-tax profits by 30 per cent from £2.7m to £3.6m in the six months to March 31.

Mr Peter Lee, chairman, said the steel division performance was "very strong." The com-pany plans to focus on stain-less steel through its Lee Steel Strip subsidiary. Some £6m in expenditures for plant are planned for Lee Steel over the next two years. Arthur Lee's push into plastics also continpush into plastics also continued to show growth, although the £625,000 (£273,000) in plas-tic-related operating profit is still well below the £3.27m (£2.59m) derived from steel and

Non-UK turnover grew 43 per cent to £10.3m (£7.2m) against a 16 per cent rise in the UK to £49m (£42.3m). Group turnover increased 20 per cent to £59.3m. Earnings per share rose to

7.21p (5.81p) and the interim dividend is 1.55p (1.25p). Mr Lee said the stake held in Arthur Lee by GM Firth (Holdings), the engineering, steel stockholding and investment group, was 12.79 per cent, against the 12.67 per cent beld in March. While not in close communication with Firth, Mr Lee said he believed a takeover

attempt was highly unlikely.

O COMMENT

Arthur Lee has again turned in a solid performance, although its profit growth in steel prod-ucts is clearly being affected by capacity limitations - the substantial step-up in plant investments should help rem-edy this by year end. The only possible chink in this steel

armour would be a significant downturn in the UK economy, risk Arthur Lee is trying to diminish through greater diversification of its products and sales base. The company is looking to boost its plastics' earnings from about 16 per cent of profits to 25 per cent and wants to expand its distribution in Europe. Acquisitions in these areas are high on the agenda. With relatively low gearing of 20 per cent the company is in a position to carry out its plans as long as a UK downturn does not hit harder or faster than seems likely. Forecast pre-tax profits of £7.3m for the full year put the shares, which slipped 2p to 158p yesterday, on a prospec-tive multiple of about 10.5. That rating is probably supported by takeover speculation concerning the Firth stake.

ICA-commissioned research criticises the

valuation of 'brands' in balance sheets

# The Investors' Compensation Scheme

£100,000,000 Revolving Credit Facility

Arranger and Agent

S.G. Warburg & Co. Ltd.

Banque Nationale de Paris

Commerzbank Aktiengesellschaft

Deutsche Bank Aktiengessellschaft National Westminster Bank PLC

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Barclays Bank PLC

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### DM 100 000 000,---

Floating Rate Notes Schuldverschreibungen — Serie 233

For the three month 25th June 1989 to 24th Sept. 1989 the notes will carry an interest rate of 6,80 % (Fibor less 0,10%) per annum with a coupon amount of DM 85,00 per DM 5 000.— note. The relevant interest payment date will be 25th Sept. 1989.

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### Korea Exchange Bank

£50,000,000 Floating Rate Notes due 1995

In accordance with the provisions of the above Notes, notice is hereby given that for the three months from 20 June 1989 to ember 1989, the Notes will carry an interest rate of 14 1/4 % per amum.

The interest payable on each £5,000.00 and £50,000.00 Note on the relevant interest payment date, 20 September 1989, against Coupon 17 will be £180.38 and £1,803.77 respectively.



	SP	ONSORED	SE	CUF	TL	ES	
Hilgh	Low	Сомрану	Price	Change	OF (4)	%	P/E
340	295	Ass. Brit, led. Ordinary	340xd	0	10.3	3.0	9.2
38	28	Armhage and Rhodes	31	-1			-
35	25	BB8 Design Cropp (USM)	35	0	2.1	5.9	8.5
210	149	Bardon Group	203	+6	2.7	13	34.7
124	105	Bardon Group Cv. Pref. (SE)	123	0	6.7	5.4	
123	99	Bray Technologies	99	ō	5.9	6.0	8.8
110	105	Bremkill Conv. Pref	105	ō	11.0	10.5	
204	100	Brembill 84 % New C.C.R.P	104	ō	110	10.6	
305	285	CCL Group Ordinary	295sd	ō	14.7	5.0	36
276	268	CCL Group 11% Cong. Pref	173	0	14.7	8.5	-
210	140	Carbo Pic (SE)	205	ō	7.6	3.7	12 1
110	109	Carbo 7.5% Pref (SE)	110	9	10.3	9.4	_
835	355	George Blair	825ml	ă	12.0	1.5	18.2
126	119	Isis Group	126	+1			166
184	115	Jackson Group (SE)	180	0	7.1	3.9	10.5
322	261	Multihouse MV (AntstSE)	305	ă			
119	98	Robert Jeakins	119	+1	7.5	6.3	4.5
467	403	Scruttors	465	ā	18.7	4.0	124
290	270	Torday & Carlisle	290ml	ō	9.3	3.2	20.1
117	100	Torday & Carlisle Coay Prof	116	ŏ	107	9.2	
122	92	Treviau Holdiers (USM)	97	ă	27		10.4
127	106	Unistrut Europe Conv Pref	123md	ă	93	7.6	24,4
395	355	Veterhary Oray Co. Pic	390	ő	22.0	3.6	94
370	327	W.S Yestes	335	ă	16.2	4.8	27.9
210	201	And I Come the second thinks are second	333	u	10.2	4.0	44.7

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Prices taken at 5pm and change is from previous close at 9pm

### **UK COMPANY NEWS**

# Chairman expresses 'deep concern' over aspects of Government's White Paper Anglia TV improves 16% to £8.9m halfway

### By John Ridding

THE CONTINUED strength of advertising in the region lifted pre-tax profits at Anglia Television Group, IBA contractor for the east of England, by 16 per cent to £8.92m for the six

SHAREHOLDERS IN British & Commonwealth Holdings yesterday gave their directors months to the end of April. authority to contribute up to £100,000 to the Conservative Party this year, despite sug-gestions at the financial ser-Turnover - principally advertising revenue - increased from £47.31m to 258.55m and earnings per share rose from 11.42p to 13.29p. There is an interim dividend of vices group's annual meeting that the donation be reduced or omitted as a protest against 2.6p (2.35p). Sir Peter Gibbings, chair-man, said that sales of strime high interest rates.

B&C last year gave £90,000 to the Conservatives and affiliated groups, making it one of the most generous corporate supporters of the ruling party.

**Opposition** 

to B&C

support

By Clay Harris

for Tories

Yesterday, Mr John Chapman, a shareholder, suggested from the floor that this be reduced to £80,000 to signal the company's dismay about the high interest rates which Mr John Gunn, chairman, had blamed earlier in the meeting for depressing B&C's margins, profits and volume of busi-

He was followed by shareholders calling for it to be omitted altogether, in most cases because they opposed political contributions in principle. One wanted it diverted to the Greens. Others echoed Mr Gunn's position that it was in B&C's long-term interest to support the Conservatives.

Although many UK compa-nies make political contributions, overwhelmingly to the Conservatives, B&C under Mr Gunn has led the way in seeking specific authority from its shareholders.

When Mr Gunn finally called for votes from "all in favour of the revolution...er, the resultion," the result was a foregone conclusion. Proxies representing about 44m shares had been submitted in favour of the donation, with about 10m - including some institu-tional investors - against.

Despite winning the vote, Mr Gunn said the board would take into account the opinions expressed in opposition. He also defended the 1988 acquisitions of Abaco Holdings and Atlantic Computers. The former was executioned across

former was questioned, espe-cially, because of the impact of the weaker housing market on its estate agent subsidiary,

"Hamptons does not make up a very large part of B&C," he said. In 1988, it accounted for about 2½ per cent of oper-ating profits. This year, on current estimates it will be on

current estimates it will be on break even or a small loss."

Mr Gunn also faced critical questioning about the decline in B&C's share price. To one shareholder who said he had repeatedly bought on weakness, only to see the share price go lower, Mr Gunn repiled: "I have to say that the pattern of your buying is remarkably similar to mine."

Similarly, to a shareholder

Similarly, to a shareholder who inquired how he was coping with a total salary which fell from £388,847 in 1987 to £740,700 last year, Mr Gunn sald: "Xes, one does manage.

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange. It does not constitute an invitation to any person to subscribe for

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Application has been made to the Council of The International Stock Exchange for the grant of permission to trade in the Ordinary Shares of the Company issued and now being issued on the Third Market. It is emphasised that no application has been made for these securities to be admitted to Listing or to be dealt in in the Unlisted Securities Market.

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The Company and its subsidiary operate 11 public houses with restaurant and function

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Dealings in the Ordinary Shares of the Company are expected to commence on the Third Market on Monday, 26th June, 1989.

Copies of the particulars of the Company have been circulated in the Extel Financial Third Market service and are available until 10th July, 1989 from the registered office of the Company, Attlee House, St. Aldates Court, Oxford, Oxfordshire, OXI 1BW and from:

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Programme sales increased from about 52m to 55m during the period, largely reflecting a change in the system of pro-gramme supply whereby costs for both purchases and sales

have been raised. Sir Peter expressed "deep concern" with certain aspects of the Government's White Paper on broadcasting which proposes to allocate franchises on a competitive basis after

"Despite the almost universal doubts expressed about the likely effects on programme quality of awarding franchises to the highest hidder, the Govincreased by 19.6 per cent dur-ing the period, compared with 14.4 per cent for the network as ernment persists in favouring a whole.
"Despite efforts to dampen this method," he said.

"We will continue to fight this proposal," he added, "and urge shareholders to draw the matter to the attention of their

Since the beginning of the

year, Anglia has concluded a three-year pay and conditions deal with its four staff unions. This allows for improvements in work flexibility and links pay increases to the retail price

The company has also moved to set up separate profit centres through establishing a joint advertising sales company with Central Independent Television and taking a stake in an Australian television and in an Australian television and film production and distribu-

tion company.

Anglia will receive 5.9 per cent of the proceeds of the sale of Independent Television Productions, publisher of TV Times, to Reed International. There is a pre-sale dividend of £10m, an initial payment of £113m and quarterly royalties

. COMMENT Anglia's expanding share of

the network advertising pis parts it on course for pre-tax profits of £19m for the year as a whole and, notwithstanding the possibility of a hard economic landing, provides a sound bese for the remainder of the current franchise.

Although next year the change in the Exchequer Levy system will take about £2m off profits, the new labour agreeme allow further cost cuts, there will be benefits from the sale of ITP and this year's programms investments will come through in revenues. As with all the TTV contractors, however, the big questions concern the period after 1992. Anglia's hocrative advertising region is likely to attract new entrants to the TV sector and, should it

for the year are encouraging



more competitive broadcasting

11111

Danks

200

profits ahead

Penny & Giles International, the Dorset-based electronic

instrumentation manufacturer, yesterday announced pre-tax

profits of £2.37m for the year to

March 31 1989 - an advance of some 15 per cent on the previ-ous 12 months.

Turnover totalled £23.81m (£20.69m) and comprised £16.44m (£15.07m) for the UK

and £7.37m (£5.62m) from

to £2.37m

iningle. Most of the risks are reflected in a prospective multiple of just over 9 which, given the rosy medium term outlook, seems reasonable. ose out in the franchise auc tions, it is unclear how well the company which produced Survival could manage in the Penny & Giles

### Refinanced Rodime resurfaces James Buxton on the troubled disk drive maker

1986 1987 1988 1989

1987, and in 1988 it had to con-

front an oversupplied market in which customers beat down

prices without being able to

"You've got to share with your

customers where you're taking your products," he says. The

stood the nature of market-

• Rodime moved to Boca

Raton just when the rest of the

industry was moving to the Far East. "Boca is excellent

from a design standpoint, but dreadful as a manufacturing base because costs are very

nents, which gets to be really interesting."

The company focused on enhancing the performance of its products rather than on cut-

ting the cost of manufacturing them. You've got to design

them. You've got to design future cost reductions into the product from the start because

competition will bring the

price down anyway. Your peak profit margin should come

low capacity disk drives of about 20 megabyte (MB) data storage space, while Rodine's strength was in cramming much higher storage capacity onto its drives. As Rodine "depopulated" its drives to

reduce their capacity to meet market requirements, its mar-gins diminished.

"The good news now," says Mr Balley, is that the disk drive market is currently changing in Rodine's favour.

Deaktop workstations made by such companies as Sun Micro-systems and Apollo and used

by engineers, scientists and financial analysts require more and more storage capacity.

Rodime now has a range of

three factors:

T 7 HEN RODIME, the computer disk drive manufacturer, put out an anguished distress call nearly three months ago revealing enormous losses and disclosing that it was virtually insolvent, many people thought it heralded the end of

down consumer spending.

advertising revenue continues

anvariang revenue continues to hald up well and, subject to unforeseen circumstances, the prospects for the full year are encouraging," he said.

nought it heraided the end of the company.

Rodine, which manufactures in Scotland, Florida and Singa-pore, had been struggling for survival for so long in an industry now plagued by tur-moil and over-capacity that it seemed probable that it would have to draw the short straw. have to draw the short straw. It also seemed on the face of it questionable whether British financial institutions would step in to rescue a company that had raised much of its

equity in the US.

Yet last Friday Rodime announced a rescue package which will bring in \$27m in fresh cash through a deeply discounted but fully underwritten 1134m rights issue and ten \$13.4m rights issue and other new capital. The total package, involving sums worth \$68m, includes the conversion of an overdraft into soft loans worth \$30m and the rescheduling of \$13.8m worth of debts to

creditors. The refinancing makes Bank of Scotland, Rodine's banker and provider of its overdraft, even more committed to the Scotland-based company. It is worth of loans, a \$6m subordi-nated secured loan and subscribing to \$4m worth of pref-erence shares; it is also underwriting the rights issue which could leave it owning up to 29.9 per cent of the com-pany. 3i (Investors in Indus-try), long a major shareholder, might end up with 25 per

Two factors made possible Two factors made possible the refinancing, organised by the Edinburgh merchant bankers Noble Grossart. First, institutional investors have been impressed by the new top management which arrived in April after Dr Leonard Brownlow, Rodime's founding chair-man, and Mr Mervyn Brown, managing director, resigned. Both Mr Thomas Kamp, the new chairman, and Mr Peter Balley, the managing director, have had successful careers in

the US disk drive industry. Second, Rodine has recently unveiled a new set of products which appear to have unusually good market potential and chances of not leading the company into the pitfalls of the

Rodime, founded in 1980 at Glenrothes in Fife by four men who spun out of a US multima-tional, has been highly successful at product innovation. It claims to have invented the 31/4-inch disk drive, now becoming the industry stan-dard. This brought it rapid

growth up to 1985. But Rodime falled to update its product range fast enough, and though it set up a plant at Boca Raton in Florida it was slow to begin low-cost manufacturing in Singapore, where its facility only began operating in August 1987.

Large stock write-offs con-

tributed to a loss of \$18.5m in

Creditanstalt-Bankverein

U.S. \$100,000,000

11%% Subordinated Bonds due 1990

Pursuant to Clause 4(e) of the Terms and Conditions of the Bonds, notice is hereby given that the Issuer shall redeem the

Bonds on 26th July, 1989 at 100%% of the principal amount.

Bankers Trust Company, London June 23rd, 1989

products that offer 100 MB of storage on a 3%-inch disk drive and claims to be the first com-mercial producer of 200 MB drives, which it envisages tak-ing up to 400 MB and eventu-ally 1.2 gigabytes. Instead of having to "depop-plate" its drives by diminish-Rodime Share price (pence)

ulate" its drives by diminishing the number of components, Rodime will be able to use its skills at enhancing the capac-ity of its drives, which is potentially more profit-

We are beginning to get initial orders for the new range and hope to convert them into large orders from original equipment manufacturers in the next two months," says Mr Bailey. "If these product development programmes had not been in place the company would not have been salvagea-

produce the volumes that would make those prices eco-The company will now mainly be competing in a smaller market with fewer Rodime lost \$24m in 1988 and has already lost \$26m in the first half of this financial year. rivals rather than against big cost-effective producers in the 20-40 MB market. However under its five-year product plan, agreed this week, it will also bring out a separate family of lower capacity disk drives, simed at the personal commuter market to match the Mr Bailey, a genial and well-fed Englishman, ettributes Rodime's past problems to • Rodime, he says, did not not build long-term relationships with its customers, the major computer manufacturers. computer market, to match the development of the high capac-

y drives. Although half of Rodine's sales are in the US, Mr Bailey ment functions from Boca Raton back to Glenrothes, where the core of the compawhere the core of the company's engineering skills lie. He believes that the troubled build-up of production at Singapore was due in part to the diffusion of the company's management between Scotland and Florida.

Only Singapore (where the high, he says. Later, with the Singapore operation on stream as well, a relatively small com-pany was "manufacturing in three facilities on three conti-

Only Singapore (where the company employs 400 people) will handle volume production.
Boca Raton (with 165 staff) will handle some design engineer-ing work and supply peripheral products. Glenrothes (employ-ing 800 people) will handle design engineering and preproduction manufacturing

The rescue, which Mr James Swent, finance director, says gives Bodime "an infinitely more stable capital base," is itself another sign of Rodine's return to its British roots. when the product is about 18 months old, not when it's launched."

These problems, he says, were compounded by the fact that in the personal computer market most demand was for low careetty disk drives of Bank of Scotland, with its heavy exposure to Rodime, would inevitably have played a major part in any refinancing. But Mr Swent, says that the US investment community is currently "more negative towards disk trive companies than British institutions."

Though Rodime was floated

Though Rodine was floated on Nasdag, the US over the counter market, it later obtained a London quotation and 70 per cent of its share-

and 70 per cent or us snare-holders are now in Britsin. The rights issue is not being offered to US shareholders. Unfortunately the existing shareholders' interest is being cut to 5 per cent of the new equity by the refinancing scheme and with the new shares being offered at 7p each the old shares are howering the old shares are hovering below the 30p mark. In 1987 they were worth as much as

Scandinavian

Finance B.V.

U.S.\$70,000,000

Mosting Rate Serial Notes due

December 1993

Scandinavian

**Bank Group plc** 

Breaksported in England with Embad Sability)

### **Enlarged IWP** improves 84% to £6.56m

IWP International, the rapidly-expanding Limerick-based conglomerate being conhased congiumerate being con-structed by Mr Demis Jones, yesterday unveiled pre-tax profits ahead 84 per cent to 127.51m (26.56m) in the year to end-March 1989. The advance from £4.08m

came from turnover signifi-cantly up at £53.66m (£19.19m), reflecting the 12 acquisitions undertaken dur-ing the year. After tax of ing the year. After tax of 22.71m (£1.54m), earnings per share worked through at 23p (17.5p). A final dividend of 3p makes 4.5p (1p) for the year.

A proposed final dividend of 2.45p makes 3.5p (3p) for the year and is payable from earnings of 16.95p (14.75p) per share. US\$250,000,000

Collateralised Mortgage Obligations Floater Class A Bonds In accordance with the provisions of the Bonds, notice is hereby given that the Rate of Interest has been fixed at 9.9375% for the ninth Floater Interest Period of 20th June, 1989 through to 19th Seotember, 1989. Interest accrued for this Floater Interest Period is expected to amount to US\$13:45 per US\$1,000 Bond.

ML TRUST XVI

PRINCIPAL PAYING AGENT at the office of its agent at

PAYING AND TRANSFER AGENT Citicorp Investment Bank bourg) S.A. Company of New York 80 Broad Street New York, New York 10004 16 Avenue Marie-Therese L-2012 Luxembourg

Merrill Lynch International Bank Limited Agent Bank

Franklin

U.S. \$250,000,000

Collateralized Floating Rate Notes due 1991

For the six month period 21st June, 1969 to 21st December, 1989 the Notes will carry an Interest Rate of 9.8125% per annum with an interest amount of U.S. \$4,988.02 per U.S. \$100,000 Note and U.S. \$12,470.05 per U.S. \$250,000 Note payable on 21st December, 1989.

Benkers Trust Company, London

### **Eni International Bank Limited** U.S. \$200,000,000

Guaranteed Floating Rate Notes due 1993
Unconditionally and irrevocably guaranteed by
Ente Nazionale Idrocarburi In accordance with the terms and conditions of the

Notes, the rate of interest for the interest period June 23, 1989 to September 25, 1989 has been fixed at 97/16% per annum. Interest payable on September 25, 1989 will be US\$246.42 per Note of US\$10,000.

Morgan Guaranty Trust Company of New York
London Branch

### Marine Midland Bank N.A. U.S. \$125,000,000

Floating Rate Subordinated Capital Notes due 1996 For the three months 21st June, 1989 to 21st September, 1989 the Notes will carry an interest rate of 9%% per annum with a coupon amount of U.S. \$244.38 per U.S. \$10,000 Note and U.S. \$1,221.88 per U.S. \$50,000 Note. The relevant interest payment date will be 21st September, 1989.

Listed on the London Stock Exchange

Bankers Trust Company, London

Agent Bank

### BANQUE FRANCO PORTUGAISE CAPITAL INCREASE

Banque Franco Portugaise, one of the main privately owned French banking networks, has increased its share capital to 75,000,000 French Francs.

The shareholders of Banque Pranco Portugaise are Courtneigh Investment Company, a holding company owned by an old established family group, and Banco Nacional Ultramarino. The shareholders of ENU are Cause Gezal de Depositos and the Portuguese State.

BFP commemorates its 70th anniversary this year.

8 Rue du Heider - 75009 PARIS Tel. 45.23.30.40

CIVAS 2 LIMITED
U.S.5100,000,000
Secured Florting Rate Notes due 1992 merest Rate 9.545%, p.s. Interest Period June 23, 1989 to December 27, 1989. Interest Psychia per US\$100,000 None

The Council of **Europe Resettlement** Fund

for National Refugees and Over-Population in Europe

¥10,000,000,000 Floating Rate Notes due 1994

(the "Notes") Notice is hereby given that for the interest period from 23rd June, 1989 to 27th December, 1989, the Notes will carry an Interest Rate of 5.15% per annum.

Interest payable on 27th
December, 1989 will amount to
¥263.849 per ¥10,000,000
Note.

Agent Bank The Long-Term Credit Bank of Japan, Limited Tokyo

For the six months 23rd June, 1989 to 27th December, 1989 In accordance with the provisions of the Notes, notice is hareby given that the rate of knarest has been fixed at 9½ per cent and that the interest psychiat on the natevitat interest psychiat coupon for 1889 against Coupon No. 12 will be US\$433.47 per Note.

Agest Bank: Morgan Guaranty Trast Company of New York London

### **UK COMPANY NEWS**

# CHI advances 64% to £15.34m

By John Thornhill

CH INDUSTRIALS, specialist engineering, building and chemicals group, increased pre-tex profits 64 per cent from 29.33m. to \$15.34m in the year to April 1. Turnover rose 74 per cent from £110.02m to £190.97m. Strong growth was achieved in the specialist engineering division, which encompass the group's interests in sun-roofs, vehicle components, and train interiors. Turnover – boosted by two acquisitions – almost doubled to 281.88m

(£41.81m) with operating profits up 72 per cent to £6.1m (£3.86m). The first full year's contribu-tion from Gripperrods, the floorcovering accessory prod-ucts manufacturer, helped push profits in the household products and furnishings up 41 per cent to £3.6m (£2.56m). Turnover, however, rose 91 per cent to £42.86m (£22.15m). The declining margins were attri-buted to furniture activities which produced an overall loss. CHI has now reorganised



(£14.02m) but a declining num-

ber of shopfitting contracts meant that these activities did

not contribute in the second

Property sales and invest-

ment income contributed 24.57m (£2m) and profits from accociated companies amounted to £1.47m (£1.85m), including a £791,000 contribu-

tion from Manganese Bronze

posal and a £2.8m charge relat-

Alm Hearley: strong growth in specialist engineering

ing products and a strong coning products and a strong con-tribution from the Windeck acquisition almost doubled operating profits in the chemi-cals and polymer products divi-sions to £2.65m (£1.33m), on sales ahead just 8 per cent at £34.26m (£31.66m).

However, the office products and shopfitting operations recorded a fall in profits from the management in this division and said that it would perform better in the current year.

Improved margins for build
Incomplete, the office products and shopfitting operations recorded a fall in profits from £2.43m to £2.27m. Turnover rose strongly to £22.84m ing to plant problems at its Cheri-Foam subsidiary. A f5m writ has been served on the plant manufacturer.

CHI has had a pretty impres sive run in recent years and there seem to be few reasons to believe that this rate of progress will not continue in the immediate future. The com-pany has not been afraid to make acquisitions and issue paper but, commendably, this has not detracted from its ability to achieve healthy earnings growth. Just under half of transport-related activities and this area would seem to offer the main motor of future the main motor of future growth. But other markets may soften this year and CHI's experiences in the shopfitting sector show it is not invulnerable. Money raised from a preference share issue in February gives CHI the wherewithal to make acquisitions without wrecking its helence sheet. make acquisitions without wrecking its balance sheet. These may take the form of small "infill" acquisitions or a major purchase, or conceivably both. Something, although it is not clear exactly what, may also come from CHI's share-bolding in Pleasage Consulting Holdings.

A final dividend of 3.825p increases the total to 4.875p (3.75p), an increase of 30 per cent. Fully diluted earnings per share increased at the same rate to 16.52p (12.67p).

An extraordinary loss of 24.17m included costs of share increased at the same rate of a 52.5m change rate. holdings in Ricardo Consulting Engineers, Scott & Robertson, and Manganese Bronze Holdings. Pre-tax profits may rise to about £20m putting CHI on an undemanding prospective multiple of about 8.5.

### **ERF** steps up a gear with rise to £7.84m

By Graham Deller

KRF (Holdings), Britain's last publicity-quoted independent truck manufacturer, yesterday reported another confident step in its recovery from the uncertain performance of the mid-1980's.

In the 12 months to April 1, the Cheshire-based group achieved pre-tax profits of £7.84m — a rise of 40 per cent on the £5.61m attained in the previous year and a far cry from the losses of £440,000 sustained in the 1984-85 year. However. a cautious note was sounded by Mr Peter

Foden, chairman. It was diffi-cult to predict market trends, he stated, due to the Chancel-lor's determination to hold down inflation
Mr Foden said the group
anticipated a "hardening of

anticipated a "hardening of the market, especially in the consumer retailing sectors". There was, on the other hand, still a strong demand for the company'e new E6 and E8 medium range vehicles.

Tax, charged at just over 29 per cent, amounted to £2.3m (£431,000), leaving earnings of 66.48p (65.42p) per share.

The dividend for the year is raised to 15p (9p) via a recommended final of 11p.

# **Burns-Anderson** up by 12% and in £13m purchase

BURNS-Anderson Group, the acquisitive financial services and recruitment company of which Sir John Harvey-Jones is non-executive chairman, reported interim pre-tax 12 per cent higher at £1.51m, against £1.35m. It also announced a

Turnover for the six months to the end of March almost doubled from £5.29m to £10.16m. After tax of £528,000 (£473,000), earnings per share worked through at 3.81p (3.52p).

An interim dividend of 1.9p An interim dividend of 1.9p (1.75p) has been declared.
The group is buying Ultimate Response, a marketing services company, for a maximum of £12.87m. An initial payment of £1.69m will be satisfied by £50,000 cash and the balance in shares. Further payments will be made on a profit-related basis.
Ultimate had taxable profits of £422,000 in 1988.

of £432,000 in 1988. Sir John said that the group

had changed substantially in the six months with the development of Burns-Anderson Independent Network, the wholly-owned financial services subsidiary, and the rapid expansion of the recruitment

Since the end of the period the network, a group of finan-

cial advisory firms, had raised 23m by offering 11 institutions 3m convertible preference shares. It is hoped to float the network within five years when the institutions will receive ordinary shares worth £1.50 for each convertible

Overall the financial services division was said to be satisfactory producing 65 per cent of operating profits.

operating profits.

The recruitment division expanded during the six months with seven acquisitions for 55.5m. It now operates 35 staff agency branches and 10 training centres.

The division's trading is

weighted towards the summer months and the proportion of group profits is expected to be higher in the present period.

### Hilclare up 48%

Hilclare, a manufacturer of electronic, security and light-ing products, lifted taxable profits 48 per cent from £179,000 to £265,000 in the 12 months to March 31 1989.

months to March 31 1989.
Turnover of this Third Market listed group expanded to £1.93m (£1.14m). Tax took £84,000 (£54,000) resulting in earnings per 10p share rising from 4.8p to 6.6p.

### **Erostin tops** prospectus **forecast** with £7.51m

EROSTIN GROUP, the property developer which came to the market last July, lifted pre-tax profits 85 per cent from £4.07m to £7.51m in the year to April 5, comfortably exceeding the £6.2m forecast in its prospectus.

Group turnover more than doubled to £54.19m (£26.55m).

The balance between residential and commercial development was substantially altered in the period to mitigate the effects on the group of the decline in the housing market in the second half.

While residential pre-tax profits rose 65 per cent to 23.93m on turnover up 62 per cent to £21.18m, the commer-cial side almost trebled profits to £3.6m (£1.24m) on turnover up almost fivefold to £19.21m (£4.12m). Tax took £2.77m (£1.48m),

Tax took £2.77m (£1.48m), leaving earnings per share at 22.9p (16.5p) at the basic level and 22.4p (16.5p) fully diluted. A final dividend of 4p has been proposed to make 6p for the year - 9 per cent ahead of the forecast 5.5p.

After allowing for the dividend navment, the company's

dend payment, the company's net assets have increased to £20.7m or 94p per share, a rise of 20 per cent on last time's adjusted figure.

### Management buy-out of Dowty hydraulics side

electronics and engineering company, has completed the sale of three hydraulics busi-nesses to a management buy-

out team.
The sale, which follows last month's management buy-out of its mining equipment sub-sidiary, completes the dispos-als of Dowty's non-core divi-

It now consists of four core operations: aerospace, electronic systems, information ronic systems, information ously operations director of Dowty Hydranlic Units and is backed by SUMIT, a Birming-ham-based investment group. technology and polymer engi-

the Hydranlic Units and Hydroetatic Transmissions, both based in the UK and the US-based Dowty industrial Corpo-

The total payment, which includes the repayment of intra-group loans, will be £7.1m, to be paid in three instalments. The net assets of the three-companies at March

The management team is led by Mr Derek Burton, previ-

### **Tavern Leisure to join Third** Market with £7.67m value

TAVERN LEISURE is joining issued at 30p apiece, represent-the Third Market through a placing and offer for subscrip-enlarged share capital. placing and offer for subscrip-tion which values the Oxford-based public house and cater-ing group at £7.67m, writes Vanessa Houlder.

Jacobson Townsley is organising a placing and preferential offer for subscription for under the Business Expansion 31, when they traded for an Scheme. Shares are being average of four months. Scheme. Shares are being

The company is raising £4.7m in order to buy, refur-bish and develop 31 new pubs. At present the company has 11 puls, which made gross profits of 2143,000 on turnover of

## Orbital placing 6m shares to raise £3m

ORBITAL Communications, a greenfield company providing cellular telephone services, is raising £3m through a placing on the third market. Baynard Securities is selling 6m shares at 50p each, repre-senting 37.5 per cent of its

equity.

Orbital's main purpose in joining the market is to acquire a licence to provide services and to meet the capital requirements for the holder of the licence. At present, Orbital has a conditional agreement with Racal-Vodafone, under which it will act as an intermediate providing telephone equipment and mainte-nance services to the end user. At present, the group's main activities include the sale and rental of cellular and other office communications equip-

ment to both corporate and individual users. The company currently has three year contracts with three car-rental companies for the installation and maintenance of 115 telephones. The com-pany said it wanted to develop its activities further through joint marketing ventures with car rental, car leasing, chauffeur driven and private taxi

(7.75p) is proposed for a total of 18.5p (11p). Earnings per 10p share improved from 28.3p to 34.5p after tax of \$648,000 (2481,000).

The group has interests in industrial aerosols, silicone products and sealants, and the provision of refractory installation services. Turnover advanced from £10.86m to

The directors said it was not possible to make pre-dictions about the current

£11.36m.

year's trading.

### Amber Ind expands 27%

AMBER Industrial Holdings, controlled by Caledonian Investments, improved pre-tax profits 27 per cent to £1.55m in the year to March 31 against a previous £1.22m. A final dividend of 9.75p

TOP FINANCE (BERMUDA) LTD

ITO-YOKADO CO., LTD 1969 the undersigned at as true 28th June 1986 of no. 37 of CDRs to-Yo

MSTERDAM DEPOSITARY

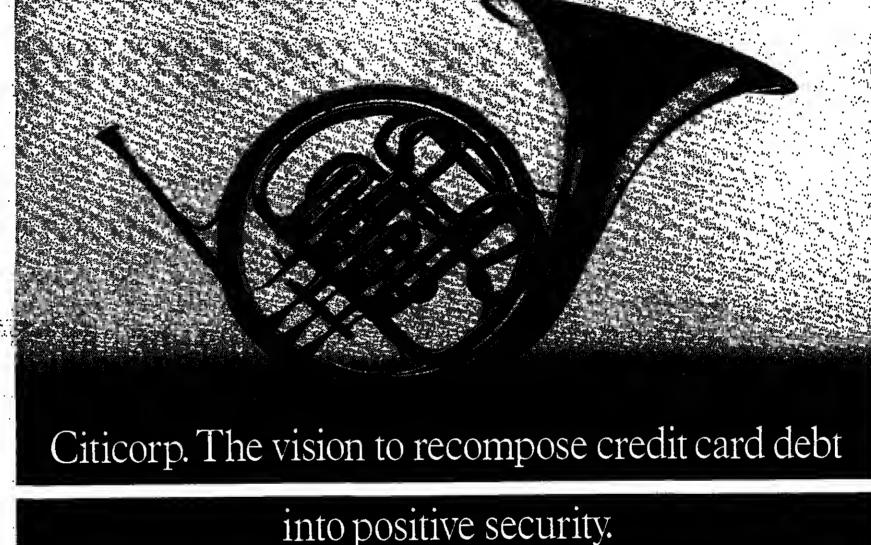
STATE BANK OF INDIA U.S.\$100,000;000 Floating Rate Notes due 1997

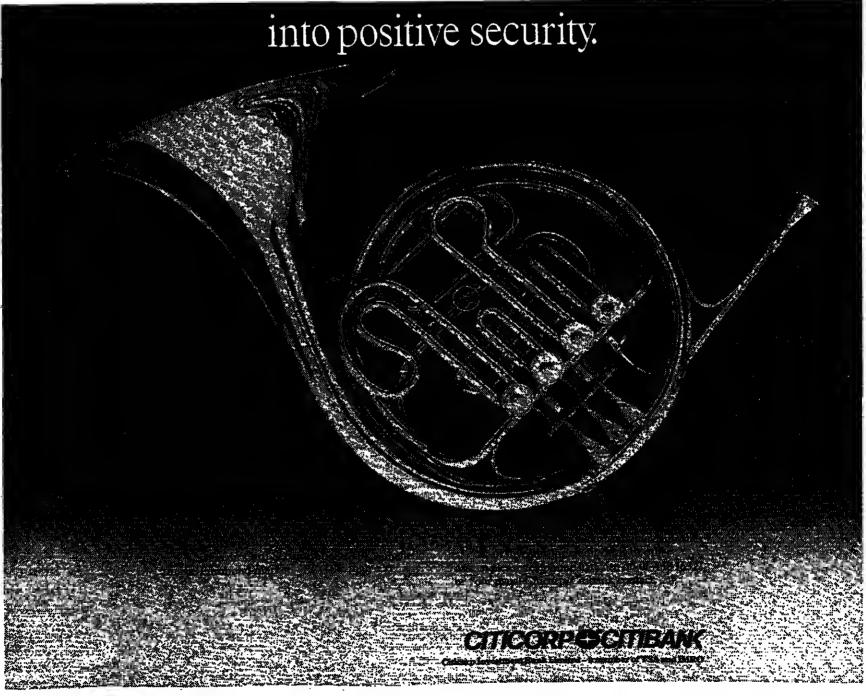
For the six months, 22 June 1989 to 22 December 1989 the Notes will bear interest at 9.60% p.a. with a Coupon amount of US\$488.00 per US\$ 10,000 Note and US\$12,200.00 per US\$250,000 Note payable

Lloyds Bank Pic

The Annual Report as of 31st December 1988 has hished and may be obtained from: Pierson, Heldring & Pierson NV.

Herengrache 214, 1016 BS Amsterdam, The Netherlands





Coffee price

(cents per lb.)

Arabica, 15 day average

Jun

1989

cents a lb. Only two of the ara-

bica quota cots are being made in the final quarter because the

ICO stipulates that a maximum

number of two cuts can be

The complex system of quota cuts bas failed to stem the

slide in prices. Analysts said yesterday the market was

expecting a free-for-all in Octo-ber, and were marking time until July 3, when delegates return to London to vote on

proposals for the future of the agreement. The vote is expec-

ted to back a continuation of

the agreement, but with no economic provisions.

costs around \$1 a barrel, we bave laid the ground for a greater security of oupply for Italy," said Mr Franco Reviglio, the president of Eni. The immediate result is that Agip's take from the Nigarian field.

take from the Nigerian field can rise almost immediately

from 50,000 to 100,000 barrels a

Rni says that the deal fol-

lows a decision by the Nigerian Government to reduce its hold-

ing in the field from 80 per cent

to 60 per cent. Nigerian produc-tion will raise its total world-

wide output to 750,000 barrels a

get for 1992 of 780,000 barrels a day of hydrocarbons produc-

According to Eni, the Nigerian field has total recoverable reserves of 11.8bn barrels of oil

840

Nigeria sells further 20%

By John Wyles in Rome and Max Wilkinson in London

NIGERIA HAS agreed to sell 20 oil and gas requirements which per cent of its 11.8bn harrel can be satisfied from Eni's own

on. day of oil and gas, bringing
The deal, announced by Eni, within very close reach its tar-

450m barrels. It also gives Agp and 1.5hn cubic feet of gas. access to 75hn cubic metres of gas and raises from 28pc to and covers an area of 27,000

32pc the proportion of Italy's square kilometres.

made in any one quarter.

By David Blackwell

THE SUDDEN sharp fall in coffee prices which followed the collapse early last week of talks on the future of the international agreement led to a big cut in the International Coffee Organisation's export quotas yesterday.

But the terminal markets, which are in any case expec-ing a free-for-all from October 1 when the present coffee agree-ment expires, were expecting the cut which had little impact

The quota reduction of just over 1.5m bags was triggered by a fall in the ICO 15 day average indicator for arabica coffees to below 130 cents a lb for the first time since the present export quota system was agreed last September. It s two cuts of 766,200 bags (60 kg each) to be applied in the July-September quarter. The reductions are a hang over from quota cuts made earlier this year when the overall

arabica coffees fell below the ICO'a 120 cents a lb defence level. Since then the average indicator has fallen to 107.38

average price for robusta and

So far, four quota cuts have been made, hot until now they had applied only to the less-fa-voured robustas because arabica prices remained above 130

per cent of its 11.8bn harrel

sonthern oilfields to a group of international oil companies including Agip of ftaly and Royal Dutch Shell, which already owns 20 per cent of the

Agip, the Italian state-owned petroleum company has paid just over L700bn (£320m) for a 5 per cent stake in the oilfields

which is expected to give it crude oil reserves of around

A Shell official in London

declined to comment on the

deal. However, an announce-ment that the Anglo-Dutch

company is increasing its stake in Nigeria can be expected

the Italian state energy holding

company, is the largest of its kind it has ever made. It more

than doubles the total of Italy's

directly owned crude oil reserves, hitherto standing at

600m barrels.

stake in oil field

### **Ministry** shines green light on **UK** farming

Agriculture Correspondent

Published in full colour by meotally Sensitive Areas. The schemes it describes, to

encourage farmers to operate in an environmentally friendly

speech last September.
But that they were needed at all is itself testimony to the more appropriate.

Britain is so far the only European Community country to have introduced ESAs. Nineteen areas have been designated since 1987, covering 333,000m hectares and involv-

ing around 3,000 farmers.

The 19 areas differ widely, from the wetlands of the Som-

In each, however, the aim is conservation. Under ESA rules, farmers must maintain hedges, stone walls and drink-

managing riverine pasture to £200 a hectare for turning cereal land into traditional

Farmers, according to the booklet, are responding well. Certainly all the conservationists including the Government's own advisar, the Comtryside Commission are keen

farm minister who will be taken to deepest Suffolk next munth and shown the ESA

sights there.
\*HMSO and booksellers.

By Bridget Bloom,

THE BOOKLET is glossy and its contents the purest Green: clearly, it describes one of the star exhibits of the British Government's recent conver-sion to environmental friendli-

the British Ministry of Agri-culture Fisheries and Food this week, the booklet in question is simply titled Environ-

way, in fact were conceived in the mid 1980s, iong before Mrs Thatcher's famoos Green

environmental depradations by farmers who had been encouraged by government policies to produce ever more food without thought for the wider consequences. It is only in these times of surpluses and above all costly farm budgets that a gentler approach seems

erset ievels to the sandy heath of the Suffolk Breckland.

ing ponds, be sparing with chemicals, plough very little and graze less intensively. Generous grants are avail-able - from £70 a bectare for

to see more ESAs.

The new booklet is cautious. It notes, however, that the ministry is to spend £150,000 to monitor the impact and the net exchequer costs of the ESAs over the next two years, presumably with their extension in mind.

hile, the booklet will come in handy when the Government feels like burnishing its Green image to visitors. Among the first of these will be Mr Henri Nallet the French

# Chilean copper project ahead of schedule

Barbara Durr reports that the Escondida mine could be in production by April 1991

HILE'S LA Escondida copper mine, expected to become the world'a third largest producer, is due to come on line at least four months ahead of schedule in 1991. Company officials say that the rapid pace of construc-tion will allow them to begin ore recovery by April instead of August 1991.

The mine is expected to have an annual output of \$20,000 tonnes a year. The ore body contains 1.8bn tonnes of 1.59 per cent copper and the com-pany intends to use 662m tounes with an average ore grade of 2.12 per cent. This gives La Escondida a 52-year life span under the current

With \$1.14bn invested in La Escondida (which means "the hidden one"), its owners are keen to push the project along as quickly as possible. It is owned 57.5 per cent by BHP of Anstralia, Rio Tinto Zinc of the UK holds 20 per cent, a consort. UK holds 30 per cent, a consortium of Japanese investors led by Mitsuhishi holds 10 per cent and the International Finance Corporation, the World Bank's private sector arm, holds 2.5

per cent.
The Chilean company set up to operate La Escondida, called Minera Escondida Ltd (MEL) has been pressing its subcon-tractors hard to move quickly. The Chilean company con-tracted for initial pre-stripping PAPUA NEW Guinea will impose a state of emergency no Bougainville island next week to quell a rebellion by landowners demanding heavy compensation for mining nperations on their land, reports Reuter from Port

Government officials said the emergency laws would come into effect on Monday, marking the end of efforts to reach a peaceful settlement with the rebels, who have waged a violent campaign for

for example is already 35 per cent ahead of schedule. MEL officials say that they have had little trouble with equipment oo far and they praise their Chilean employees and subcon-tractors as highly efficient. By the end of this year, Mr Robert Hickman, MEL'a general man-ager, said that one third of the 172m tonnes of cover will be atripped, construction of the concentrator will be well under way and, most importantly, processing equipment will have been delivered.

For now, a camp of approxi-mately 2,000 workers is virtually completed at the mine site, an airstrip and an access road have been built, the basic engineering design is finished and all major equipment is ordered. The company is currently seven months. The rehels, numbering around 100 and supported by thousands of tribesmen, demand secession and huge compensation for environmen tal damage caused by the giant open east copper mine, oper-ated by Bongainville Copper. At least 15 people, including three soldiers, have died in the violence which forced the mine's indefinite closure on

May 15, cost the government vital revenue and damaged the economy. negotiating contracts for the remaining 23 per cent of its production that is uncommit-ted. It said potential sales are to buyers in Chile, the US, South Korea, Spain and Canada. Under the unusual financing agreements for the project,

77 per cent of its production was committed in 12-year contracts. A consortium of Janatracts. A consortium of Japa-ness smelters bought 50 per cent, Noddeutsche Affinerie of West Germany took another 20 per cent and Outokumpu of Finland bought 7 per cent. The contracts were used as

the hasis for financing from the Japanese Export Import Bank and several Japanese banks (\$350m), West Germany's Kreditanstalt fur Wiederaufbau (\$140m), and a bank syndicate led by Kansallis-O-sake-Pankki and guaranteed by

annual production capacity of

150,000 tonnes while, within the next few months, Saman-

cor and CMI are also to com-

mission new capacity.

Mr Jonker says it is not inconceivable that ferrochrome export prices could fall as low as 50 cents a lb during

the next 12 months though he

adds the caveat that supplies will be reduced as producers

carry out long-delayed mainte-nance on their currently over-

worked furnaces.

Vlentitakuulaitos of Finland (\$47m). The International Finance Corporation put up \$70m. Another \$73m in supph. credits is coming from Canada's Export Development Corporation, KfW and a Mitsuhishi affiliate. The remaining \$463m is being invested by the

Other large new mines such as Neves Corvo in Portugal, OK Tedi in Papua New Guinea and Olympic Dam in Australia will contribute to excess production in the early 1990s, according to Mr Hickman, and copper prices will fall considerably. With Growth of copper demand estimated at just 1 per cent new tear over the part demand estimated at just I per cent per year over the next decade, and lower prices. Mr flickman predicts a weeding out of the industry. Older and less efficient mines will be forced to close.

La Escondida, estimated to produce for just 40 US cents per pound, will be able to ride out the price fall, according to Mr Hickman. Chile is already one of the world's lowest cost producers and the country can be expected to dominate copper production in the 1990s. The only two copper mines in the world larger than La Escondida are also here - Chuquicamata, which produced 520,000 tonnes last year and El Teniente, which produced about 354,000 tonnes. Chuquicamata, with an ore grade of just 1.5

per cent. produces for about 45 cents per pound. Chilean officials are already predicting that the copper price could drop to 80 cents a ib by next year. During May, copper fell 12.3 per cent to an average price of 124.15 cents. Although Chile has diversified its exports, the metal still accounted for over half its \$75a

in export income last year.

The gloominess of price predictions is not having an effect nn Antologasta, the town perched on the northern desert coast 180km from the mine. It is beoming from the impact of La Escondida. The influx of workers and subcontracting personnel has forced house prices to double. A growing housing shortage has meant that MEL is projecting con-struction of 200 to 300 housing units. Some 30 flats and 15 bouses have already been com-

The town's old-timers do not seem too ruffled. Antofogasta has seen other boom times. In the 19th century, the nitrate business was hig and the British, to serve their investments in the area, built a railway from Bolivia to Antofogasia the railroad, which passes near La Escondida, still works. As a monument to those good old days, a clocktower sits in the palm studded central square, a gift to Antologasta in 1910 from the British colony.

# South African ferro-alloy prices reduced

By Jim Jones in Johanneshurg

SOUTH AFRICA'S ferro-alloys producers, who face the pros-pect of over-supply later this year have cut export prices for third quarter deliveries.

The country's principal fer-ro-chrome producers have reduced their quotes for US customers to 82 US cents a lb from the second quarter's 84% cents while Highveld Steel & Vanadium has sliced vanadium ntoxide prices to an effective \$6.30 a Ib from the second quar-

Late last year ferro-chrome producers were confidently predicting progressively higher prices throughout 1989 as strong demand from stainless steel producers and stocks rebuilding was expected easily to absorb planned production increases. The reality seems to

be proving different.

According to Mr Deon
Toerien of Samancor, stainless on stream recently with an

steel stockists have reduced purchases in expectation of lower steel prices as nickel prices tumble. That has exacer-bated the third quarter's sea-sonally lower demand for raw materials as northern hemi-sphere steelmakers reduce production during the summer holidays. Mr Toerien says European steelmakers were unhappy with the effect the dollar's strength had had on ferro-chrome prices calculated

signed in part to address this problem, he adds. Other indus-try executives echo him. Mr Gert Jonker of Consolidated Metallurgical Industries believes steelmakers expect the market will soon be flooded

at 1,800 tonnes a week.

Exports, which were halted after the storm, resumed last

to Britain last year totalled

mouth. The island's ships

28,000 tonnes.

## Jamaica 'will meet banana target'

WORLD COMMODITIES PRICES

JAMAICA'S BANANA industry, which was destroyed by a hurricane last September. will achieve its export target of 45,000 tompes of fruit to Britain this year, according to the island'a Banana Export Company, writes Canute James in Kingston.

in European currencies. Samancor's decision to reduce third quarter prices was

worked furnaces.
Mr Paddy Probert of Middelburg Steel & Alloys underscores Mr Jonker's views. He sees an additional 1m tonnes of ferro-chrome capacity heing introduced in 1990 and a further than the steel of the sees after the sees and the sees and the sees after the sees after the sees after the sees after the sees and the sees after the sees and the sees after t ther im tonnes the year after. Last year the world produced just over 22m tonnes. Next year, Mr Probert says, total world production could reach 8.2m tonnes against con-sumption estimated at only 2.7m tonnes. Part of the excess will be diverted to re-building ferro-chrome stocks - at present users and producers have stocks equivalent to just over The Company said ship-ments to Britain were running

**US MARKETS** 

IN THE METALS, prices drifted lower in

most markets after lackduster trading, reports Drexel Burnham Lambert.

Copper futures were again active closing lower after choppy trading. In

the sets, eugar railled sharply from news of Russian tender activity. The

July contract closed at 1399 up 94. Cocca prices also advanced with fund short covering and commission house

against the more normal four months level. Nevertheless, Mr Probert believes the ferro-chrome industry has entered "a bear market."

nne month's consumption

The Sonth Africans will remain profitable even if ferrochrome prices do drop to 50 cents a lb - average production costs are only 30 cents. However, producers in other countries could be pushed into

High veid has reduced its vanadium pentoxide quote in response to sharply lower ferresponse to sharply lower terro-vanadium prices and spot
market pentoxide levels, During the first quarter Righveld
sold at \$4.50 a lb but lifted its
\$2.50 surcharge for the second
quarter. At that stage spot
pentoxide prices were reaching
\$11 a lb as specialty steelmakers scrambled for supplies at
any price.

any price.
The panic element has died down says Mr Geoff Chegwidden, Highveld's marketing manager. Steelmakers were frightened that Chinese supplies were drying up. This is confirmed by another industry executive who says Chinese ranadium producers risiting. vanadium producers visiting South Africa this week claim to have withdrawn from the market because their costs now exceed prices. In contrast, Japanese steelmakers have tried to put pressure on South African producers by saying that China is offering pantox-ide at levels well below High-veld's benchmark price.

COPPER 25,000 lbs; cents/fbs

### **US** drought comes to a damp end By Nancy Dunne in

THE GREAT US Drought of 1988 has come to a very damp end. In fact, some areas of the country - particularly the Eastern Corn Belt - are now having too much rain.

Other areas "remain volner-able" to dry weather, according to the US Agriculture Depart-ment. But recent rainfall has so improved the outlook for so improved the outlook for the spring wheat crop, that total US wheat production could jump by 12 per cent. The USDA is predicting a record world wheat crop for 1989-90. Consumption is still

likely to exceed output, and world stocks should continue to drop, despite high prices. Lower US stocks and increased foreign production are expec-ted to knock down US wheat

exports by 20 per cent. Net .US farm income is expected to rise by about 10 to 15 per cent this year, but cash income is expected to drop. The drought pushed up the value of last year's stocks; this year's rebuilding will mean less cash received.

American feed grain production is forecast to rise 56 per cent over last year's drought-reduced levels.

Chicago

### **LONDON MARKETS**

on unconfirmed reports that a French trads house may have sold two cargoes of white sugar to the Soviet Union. The London Dally Price for raws was \$337 s tonne, up \$15.20. The main driving lorce in the recent price advance has been growing concern over the light supplies of white sugar. On the LME the dollar's efrength egsinsi sterling pul nickel prices unde further pressurs. The current downtrend also reflects a lack of significant consumer offtake in Europe, dealers sald. Copper prices were also dominsted by currency factors. The markst is now testing chart support sround \$2,450 per tonne, which was reached briefly during overnight inter-office dealings after heavy selling prompted by Noranda's settlement of a new three-year labour contract.

SPOT MARKETS		1.00
Crude oil (per barrel FOB)		+ or -
Dubal	\$14.90-5.00	+.375
Srent Slond	\$17.20-7.30v \$19.23-9.28w	
W.T.I. (1 pm est)	318-43-8-204	70.02
Oli products [NWE prompt delivery per to	onne CIF)	+ or
Promium Gasoline	5200-202	+3
Gas Oil	\$140-142	+3
Heavy Fuel Oil	\$87-89	+3 -0.5
Naphiha Petroleum Argus Estimates	\$164-167	-0.5
Other		+ or -
Gold (per troy az)	\$370.25	+4.25
Silver (per troy oz)	532c	+6
Pintinum (per troy oz)	\$504.10	+9.25
Palladium (per troy oz)	\$154.00	+0.75
Aluminium (free market)	\$1905	+ 15
Copper (US Producer)	1225-127c	+2
Load (US Producer)	38c	
Nickel [free market]	530c	
Tin (European Iree market)		+ 135
Tin (Kuala Lumpur market)		+0.08
Tin (New York)	468.5c	+3.5
Zinc (US Prime Wastorn)	003sc	
Canle Ilivo weight)†	120.40p	-0.92*
Sheep (deed weight)†	167.29p	-17.0°
Pigs (live_weighi)†	83.63b	-5.94*
London daily sugar (raw)	\$337.0x	+15.2
Lendon daily sugar'(white)	\$418x	+24
Tate and Lyle expert price		+6.5
Barley (English feed)	£106v	
Maize (US No. 3 yellow)	£132.0	+0.5
Wheal (US Dark Northern)	£132u	
	-	
Rubber (spot)♥ Rubber (Jul)♥	60p 64p	-i
		-1.00
Rubber (Aug)♥ Rubber (KL RSS No 1 Jul)		-1,00 -1
		<u>:-</u>
Coconut oil [Philippines)5	\$570u	
Palm Oil (Malaysian)\$	\$370v	
Copre [Philippines]5	\$355	
Soyabeans (US)	C208u	
Cotton "A" Index	80.40	+1.05

ents/lb, r-ringgit/kg, v-Jul, u-Jun/Jul, x-Jul Aug. w-Aug. z-Aug/Sep. 1Meat Commission average felstock prices. " change from a week ago. \$\times\text{London physical market. \$CIF Retterdam \$\text{Builton market close. m-Malaysian cents/kg.}

Aug	Close 310.00	Previous 291.00	High/Low 310.80 295.00
Oct	309.80	290.60	310.80 294.00
Dec	299.00	261.00	285.00
Mar	285.80	272.00	287.40 277.00
May	262.80	271.00	278.20 277.00
Aug	280.00	269.00	
Oct	272.00	262.00	268.00
_			
Aug	416.00	389.00	416.00 394.00
		356.00	
Dec	385.50	347.00	365.00 359.00
Oct	375.00	356.00	377.50 366.00
Aug	416.00	389.00	416.00 394.00
Aug	416.00	389.00	
Milito	Close	Previous	High/Low
_			
Oct	272.00	262.00	268.00
		261.00	285.00
Aug	310.00	291.00	310.80 295.00
Rew	Close	Previous	High/Low
BUTT	(\$ per so	nne)	
average	107.38 (	108.26)	
Jun 21:	Comp.	daily 101.5	1 [101.36) . 15 day
LCC (UK	HCBIOL DL	TOSS  US C	ents per pound) to
LINDA	12079 (2	מורון ולום מו	o minimo
T		617) lots of	£
اول	1140	1160	1140
			1440
May	1125	1136	
Mar	1113	1 T30	1113 1108
Jan	1096	1116	1103 1097
Nov	1089	1100	1091 1083
Sep	1091	1106	1096 1090
Jul	1113	1126	1125 1110
	Close	Previous	High/Low
	E C/turene		40.00

Clase Previous High/Low

807 825

Sep IPE Inc	16.50		16.66 16.36
P L HIC	lex 16.4		10.00 10.30
_	er: 6189 (I		
QAS Q	&L \$∕tonne	1	
	Close	Previous	High/Low
Jul	140.00	138.00	140.00 138.00
Aug	140.00	137.75	140.00 138.00
Sep	141.00	136.50	141.00 136.50
Oct	142.25	140.00	141.75 140.00
Nov	144.00	141.75	143.50 141.75
Dec	146.00	143.50	145.00 144.00
		TOUTABLE	
Frenc	charrio	s are more	plantiful this was
Frenc GOp-C	th cherrio	3 are more [70p-£1.20] s	plantiful this was
Frenc GOp-C are n	th cherrior 1.00 a Rb ( ow also a	s are more [70p-£1.20] s vailable at 8	plantitul this was and English crops 10p-£1.00, reports
Frenc GOp-C are n FFVII	ch cherrios 1.00 a Rs ( ow elso a 3. Spania	s are more (70p-£1.20) s vailable at ( plums are 5	plantiful this was and English crops 10p-£1.00. reports 10-70p (56-85e).
Frenc 60p-0 are n FFVIII	ch charries 1.00 a B ( low also a 3. Spania Igrown 90	s are more (70p-£1.20) s vailable at 6 plums are 5 Osebernies	plentiful this wee and English crops 90p-61.00. reports 0-70p [56-85p], 40-60p (60-70p),
Frence 60p-0 are n FFVIII home	ch charries 1.00 a B ( ow else a 3. Spania grown go he lirst he	s are more (70p-£1.20) s vallable at s plums are s osebernies (magrown ra	plontiful this was and English crops 90p-21.00. reports 10-70p [55-85p], 40-60p (60-70p), tapberries are
Frence 60p-0 are n FFVIII home and t 80p-0	ch charrios 1:.00 a fb ( ow elso e 3. Spania   grown go he first he (1.00 a 1211	s are more (70p-£1.20) s vailable at t plums are s osebernies imagrown re b. Homogro	plontitul this was and English crops 10p-£1.00. reports 10-70p (55-85p), 40-60p (60-70p), ispberries are wn cauliflowers
Frenc 60p-0 are n FFVIII home and t 80p-0 are 4	ch charrios 11.00 a Ro ( aw algo a 3. Spania   agrown go he first he 11.00 a 12 II 0-60p eaci	s are more (70p-£1.20) s vallable at t plums are 5 Osebernies imagrówn m b. Homogro h (80-80p), 4	ptomitul this was and English crops 10p-21.00. reports 0-70p (55-85p), 40-60p (60-70p), aspberries are wn cauliflowers and homegrown
Frenc 60p-0 are n FFVIII home and t 80p-0 are 4	ch cherrios 1.00 a Ro ( 1.00	s are more (70p-£1.20) s vallable at t plums are 5 Osebernies imegrown m b. Homogro b (80-80p), 4 ing 16-22p a	plontiful this was and English crops 50p-61.00. reports 0-70p [55-85p], 40-60p (60-70p), tepberries are wn cauliflowers and homegrown to [18-25p).
Frence 60p-0 are n FFVIII home and t 80p-0 are 4 new   Engire	th cherrior  1.00 a Bo (  1.00	s are more (70p-£1.20) s vailable at 8 plums are 5 osebernies e imagrown m b. Homogro b. (60-60p), a re 15-22p a re in (ull so	plontiful this was and English crops 90p-21.00. reports 00-70p [56-85p], 40-60p (60-70p), tepberries are wn cauliflowers and homegrown 10 [16-25p).
Frence 60p-0 are n FFVIII home and t 80p-0 are 4 new   Engin	ch cherrios 1.00 a B ( ow elec a 3. Spania   grown go he first he 1.00 a ½   0.60p caci coletos o sh peas o opj. Spania	s are more (70p-£1.20) s valiable at s valiable at s Oseberries - imagrówn ra b. Homegro b (80-80p), a ire 16-22p a re in full so o asparagu:	plontitul this wee and English crops 50p-21.00. reports 0-70p [55-85p], 40-60p (60-70p), hispborries are wn cauliflowers and homogrown its [16-25p). ason 40-60p as ore £1.75-2.10
Frence 60p-0 are n FFVIII home and 0 80p-0 are 4 new   Engin	ch cherrios  1.00 a Bs (  2. Spania    3. Spania    3. Spania    3. Spania    4. Spania    6. Sp	s are more (70p-£1.20) s vallable at i plums are 5 osebernes - imagrówn ri b. Homogro h (80-80p), a re 16-22p a re in full so o asparagur ns 14-20p. i	plentiful the weelind English erope.  90-21:00. eepocts  9-70p [56-85p],  40-60p (60-70p),  spherrish are win cauliflowers and homogrows  10 [18-25p),  2001 40-60p  3 ero £1.73-2.10  Sritish and
Frence 60p-6 are n FFVIII home and 0 80p-8 are 4 new p Englin [60-80 and 0 Imper	ch cherrios  1.00 a lis (  aw elso e  3. Spania    agrown go  he first he  1.00 a 1210  6.50p each  1.00 a 1210  6.50p each  1.00 a 1210  6.50p each	s are more (70p-£1.20) s vallable at s plums are 5 0seberries imegrówn ra b. Homegro b. Homegro b. Homegro c. 16-22p a re in full son o asparagu: rg lehuse a	plontitul this wee and English crops 50p-21.00. reports 0-70p [55-85p], 40-60p (60-70p), hispborries are wn cauliflowers and homogrown its [16-25p). ason 40-60p as ore £1.75-2.10

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
			12911	7-011		TVAC 11,400 Name
		y (§ per tonne)			saling equitor	AME I I'MOS KUKK
Gash 3 months	1890-900 1845-60	1900-10 1835-40	1865/1843	1900-6 1853-6	1845-60	33,025 lots
Copper, G	rede A (2 per	реше)			Plag turns	TVOT 26,850 NAME
Cash 3 months	1619-21 1610-8	1637-0 1626-7	1635/1634 1626/1800	1635-5 1615-6	1605-6	74,769 lots
Leed (£ pe	r toruvo)				Ring turn	Over 5,875 torms
Cash 3 months	412-4 402-4	414-5 408-8-5	418 410/404	418-20 408-9	405-4	9,651 fots
Michel (5 p	er tonne)				Ring turn	Over 1,576 losse
Cash 3 months	11400-600 10850-75	11500-700 10860-75	11500 10050/10210	11450-600 10675-900	10850-800	6,886 fots
Tin (5 per	torme)				Ring tu	mover 415 torms
July 3 3 months	10150-200	10100-50 10050-60	10170/10010	10200-25 10110-25	10085-60	1,901 fots
Zinc, Spec	del Högh Grad	e (\$ per torme)			Ring turn	Over 9,060 tarms
Cash 3 months	1615-25 1561-5	1820-30 1555-7	1640/1630 1565/1560	1630-3 1660-5	1580-00	10,676 lots
Zinc (S per	(tonne)				Aing turn	over 6,075 tonne
Cesh 3 months	1505-15 1470-9	1500-10 1462-5	1515/1614 1480/1470	1514-5 1473-8	1470-6	9.185 lots

	COES E/to	nne		LORDON BE	ILLION M	ARKET	
	Close	Previous	High/Low	Gold (fire oz	5 price		E •
Nov	130.0	143.0	125.0	Close	370-870%		ক্রে
Feb Abr	160.0 214.0	170.0 241.5	228.5 210.0	Opening	37012-871		237
May	240.0	262.0	243.5 233.0	Morning fix	370.4		237
_		69) lots of	-	- Afternoon for Day's high	369.76		256.
				Day's low	369 2-370		
OYA	HAN WE	AL S/Ionne					
	Close	Previous	High/Low	Coins	\$ price		2 00
Aug	157.00	156.70	158.00 157.00	Maplelost	361-368		244
Det	156.00	156.00	157.90 155.80	Britannia	381-386		244
Dec	154.00	154.50	155.80	US Eagle	381-386		244
Turnov	er 64 (230	plots of 20	mnes.	Angel	380-389		245
				Krugerrand	369-572		236
				New Sov.	67-66		55 4
THE G	HT FUTU	RES STOVERS	lex point	Old Sav.	87-88		564
	Close	Previous	High/Low	Noble Plat	506.35-514	1.46	323
Jun	1390	1400	1395 1380				
lui .	1348	1350	1350 1335				-
Det	1482	1481	1485 1467	Silver fix	prime oz		US
lan 💮	1520	1510	1530 1508	Spot	341.45	_	827
<b>P</b> pr	1547	1550	1850 1545	3 coontra	353.45		545
3F1	1407	1400 _		6 months	365.90		558
umov	er 191 (17	1)		12 months	390.45		583.
				-		_	
PRAIN	S C/lonne			LONDON MET	AL EXCH	UIGE T	
	S C/lonne Close	Previous	High/Low	LONDON MET		Calls	-
Mhest Iun	Close 111.25	111.20	111.25 111.00	Alembirum (9	9.7%)	Calts	
Mheat Iun	Close 111.25 107.80	111.20 106.80	111.25 111.00 107.50 106.85	Alembatum (9 Strike price \$	9.7%) torane Jul	Calts Sep	
lun Sop Vov	Ciose 111.25 107.80 110.50	111.20 106.80 108.80	111.25 111.00 107.50 106.85 110.50 109.60	Strike price 4	9.7%) torane Jul 106	Sep 107	
Vinest Jun Sop Nov Jan	Close 111.25 107.80 110.50 114.25	111.20 106.80 109.80 113.50	111.25 111.00 107.50 106.85 110.50 106.80 114.10 113.25	Administrati (9 Strike price 4 1800 1900	9.7%) 6 torene Jul 106 42	Sep 107 60	
liment Jun Sop Yov Jan Mar	Close 111.25 107.80 110.50 114.25 117.35	111.20 106.80 109.80 113.50 116.55	111.25 111.00 107.90 106.45 110.50 109.60 114.10 113.25 117.25 116.60	Strike price 4	9.7%) torane Jul 106	Sep 107	
lun iop lov lan Mar May	Close 111.25 107.80 110.50 114.25	111.20 106.80 109.80 113.50	111.25 111.00 107.50 106.85 110.50 106.80 114.10 113.25	Administrati (9 Strike price 4 1800 1900	9.7%) towns Jul 105 42 12	Sep 107 60	
lun Sop Yov Ran	Close 111.25 107.80 110.50 114.25 117.35 120.75	111.20 106.80 109.80 113.50 116.55 120.00	111.25 111.00 107.50 106.85 110.50 108.80 114.10 113.25 117.25 116.50 120.50 120.00	Abendatum (9 Strike price 4 1900 1900 2000 Copper (Grad	9.7%) towns Jul 105 42 12 is A)	Sep 107 60 30 Calls	
most op tov an far fay	Close 111.25 107.80 110.50 114.25 117.35 120.75	111.20 106.80 109.80 113.50 116.55 120.00	111.25 111.00 107.50 106.85 110.50 108.80 114.10 113.25 117.25 116.50 120.50 120.00	Alamanarı (9 Strike price 4 1900 2000 Copper (Grad 2400 2500	9,7%) 105 torene Jul 105 42 12 12 18 A)	Sep 107 60 30 Calls 154 106	
linest lun lov lan lar lar lar	Close 111.25 107.80 110.50 114.25 117.35 120.75 122.50 Close	111.20 106.80 109.80 113.50 116.55 120.00 121.60	111.25 111.00 107.50 106.85 110.50 108.80 114.10 113.25 117.25 116.50 120.50 120.00 122.50 121.40 High/Low	Alexabilium (9 Strike price 4 1900 2000 Copper (Grad 2400	9,7%) 6 towns Jul 106 42 12 is A)	Sep 107 60 30 Calls	1 1 1
lun iop lov lan Mar May	Close 111.25 107.80 110.50 114.25 117.35 120.75 122.50	111.20 106.80 109.80 113.50 116.55 120.00 121.60	111.25 111.00 107.50 106.85 110.50 106.80 114.10 113.25 117.25 116.50 120.50 120.00 122.50 121.40	Alamanarı (9 Strike price 4 1900 2000 Copper (Grad 2400 2500	9,7%) 105 torene Jul 105 42 12 12 18 A)	Sep 107 60 30 Calls 154 106	1 1 1

ver: Wheat 290 (351). Barley 45 (101). ver lots of 100 tonnes.

Close Previous High/Low

115.0 110.0 115.0

PICS |Cash Settlement) p/kg

114.5 119.5 115.0

4	1514-5 1473-6	1	470-6	-	9,185	lots		ing m
_	DREDGI BE		_	, KET				
9	old (firm oz	) \$ prio	•	_	edn, A	_		
	lose pening	370-87			37 5-25 37 4-25	18	46	W
34	oming fix	370.4			37.132	~ ~	804	100 tr
	ternoon fix sy's high	369.76		1	35.867			Clos
	sy's law	369 2					Jun	371.
							Ju	372.1
5	oles .	\$ price	-		egulva	dane	_ Aug	374.2
_		_					- Dec	382.7
	apielosz ritannia	361-36			44 iz -24	75	Feb	3867
U	Eagle	381-38 381-38	6	2	44 7-2	72	Apr	391.2
A	ngel	380-38	5	2	45 - 24	8%	Aug	389.5
	prestagur	366-57	2		36 2-2			-
	ew Sov. Id Sov.	87-88 87-88			5 4 -56 5 4 -58			
	ble Plat	506.35	<b>514</b>		23.75-3		PLAT	MUM 5
								Cice
=		-8	_				Jul	503.7
_	wer fix	prime	_	_	SS CEST	odm.A	Oct	B05.6
	ot	341.45			32.70		Jan	606.9
	enontina mentina	353.45			45.50 58.00		Apr	510.4 514.1
	months	390.45			83.75		-	014.1
_							SELVE	R 5,000
K	HEOR HE	AL EX	CHU	HOE TH	HDED.	CHINOR		Ciose
<b>A</b> 3	कार्यक्रियात (9	9.7%)	C	alts	- (	Puts	Jun	529.2
8	riks price i	torare	Jul	Sep	Jul	Sep	'júj	530.3
19	00		105	107	13	57	Aug	534.8 539.6
	00		42	60	49	108	Sep	552.5
20	00		12	30	118	176	Jan	556.0
ā	pper (Grad	le Ai	-	eiis		uts	Mar	564.5
_	00		129	154	15	86	May	573.1
	00		95 95	105	50	135	Jul Sep	581.0 590.8
	00		24	66	110	105	009	000.0
<u>.</u>	NEDON FOR	TRAD	<b>30</b> 0	eTick				
	offer	_	Sep	Nov	Sep	Nov	- 140	ICES.
_	50		22	64	58	46	REU	TERS (
	<b>3</b> 0						1	-
	00		74	63	B3.	75		Jun

Sep Dec Sep Dec

85 57

		d. Coffee			Nov	17.77	1
		ity made			Dec Jen	17.64	1
VOIU	me. In	B GLENUR A	Mere an	lower as	Feb	17.50 17.43	1
feet	mission	house s	ening w	034	Mar	17,36	5
				ilnes led	Apr	17.40	1
				ents basis	May	17.35	1
July	. Com a	and whee	1 futures	closed	HEAT	HG DEL 4	(2,0 P
		volume.T			-		_
		ed. The e			Jul Aug	4795 4820	4
				h trading.	Sep Oct	4800	:
					Oct	4965 5120	5
					Jan Feb Mar	5030	5
					Mar	4550	4
B		J.			0000	A 10 tons	_
Me.	w Y	OFK			Jul	Close	- 2
9010	100 trey	02.; <b>%</b> boy	OZ.		Sep	1175 1196	1
	Close	Previous	High/Lo	NV _	Dec	1231 1245	1
Jun	371.0	372.4	372.2	372.0	May	1258	t
Ju	372.1	373.5	0	0	Jud	1276	1
Aug	374.2	375.7 379.9	375.2	372.8 376.8	Sep	1292	1
Dec	382.7	384.3	354.8	381.4	COS	EE 'C' 3	7.50
Feb Apr	386.9 381.3	385.5	0 391.1	991.1	<del></del>	Close	P
Jun	395.5	397.2	395.5	365.0	Jul	118.99	-1
Aug	389.9	401.5	0	0	Sep	112.62	i
						109.25	1
PLAT	NUN 50 I	roy oz, \$/8	oy oz.		May	110.00 111.75	1
	Close	Previous		*	Jul	111.53	1
Jul	503.7	601.8	507.0	496.0	Sep	110.08	1
Oct	B05.6	503.8	508.0	499.0	SUGA	R WORLD	-
Jan Apr	506.9 510.4	504.8 508.3	506.0	505.0		Close	Pi
Jul	514.1	512.0	ŏ	ŏ	Jul .	18.90	12
					Oct	13,91	1
E VE	R 5,000 h	vy 62; cent	MOV OZ		Jan	12.00	1
					Mar	12.76 12.63	12
	Close	Previous	High/Lo	_	Jul	12.45	1
Jun Jul	529.2 530.3	528.5 528.8	529.5 537.8	529.5 526.0	Oct	12.33	1
Arres	<b>534.8</b>	534.3	0	0	COTT	ON 50,000	- ~
Sep	509.6 552.5	539.0 651.8	547.0 560.0	535.5 548.0		Close	Pi
Jan	556.0	555.3	0	0	Jul	68.80	
Mar	564.5	583.8	570.0	562.0	Oct	70.80	70
May	573.1	572.4 581.3	578.6 0	571,0 0	Dec	71.02	70
500	581.0 590.8	590.2	598.0	598.0	Mar	72.20	71
	-				May	72.65 72.80	72 72
MiD	CES				ORAH	Close	15, Pi
REU	TERS (Ba	se: Septem	ber 18 19	31 - 100)	Jul		_
	June	21 Jun 20	ताली क	90 ут 890	Sep	181.00 185.15	17
	2020.		2010.0	1977.1	Nov	154.80	15
==					Jen	151.60	14
_		Base: Dec.			Jen Mer Mey	151.20 750.80	14
	133.61		133.56	142.29 145.53	Jul	150.60	14
Spot	es 132.44	132.84	132.16				

					DUTA		JUU OU MWC C	cents/60lb b	*****
len lui	107.30	107.70 108.10	107.30 110.10	105.00		Close	Previous	High/Low	
QUA	106.90	106.85	0	0	Jul	723/4	786/4	744/4	720/0
ep lec	108.40	108.00	107.98	105.60 103.90	Aug	695/0	710/0	714/4	694/0
_		_			Sep	655/2	673/4	673/4	853/4
3600		_	US galls \$/		Jan	643/6	656/4 665/6	656/0 664/0	635/0 643/4
	Linest	Previous	High/Lov		Mar	654/0	673/2	671/0	652/0
mp .	19.31	19.31	19.55	19.08	May	658/0	680/0	677/0	658/0
Jep Jet	18.53	18.46	18.67	18.36	ابرز	655/0	680/2	677/0	658/0
lov	16.10 17.77	16.01 17.72	16.19 17.67	18.00 17.72	AYOR	SEAN OIL	60,000 lbs; 6	ents/fb	
en len	17.64	17.53	17.70	17.55		Close	Previous	High/Low	
<b>len</b>	17.50	17.41	17.56	17.45	Jul	20.68	20.97		
eb lar	17.43	17.35 17.32	17.48 17.45	17.35 17.35	Aug	20.57	21.19	21.02	20.56 20.75
pr	17.40	17.30	17.40	17.40	Sep	21.03	21.38	21.43	20.92
Agy	17.35	17.27	17.40	17.35	Oct	21.20	21.58	21.60	21.10
ZAT	MG DE 4	2,000 US o	elle, cente/	US galle	Jen Mar	21.46 21.52	21.87 21.90	21.87 21.92	21.36 21.50
	Latest	Previous			Mar	21.85	22.25	22.10	21.80
u	4796	4796	4836		Mary	21.98	22.85	22.20	21.96
wg.	4820	4807	4860	4756	SOYA	BEAN NE	L. 100 tons;	\$/ton	
ep	4820 4800 4865	4867	481G	4830		Close	Previous	High/Low	
et en	4965	4032	4905	4900	Jui	214.7	218.2		
en eb	5120 5030	5077 5017	5135 5030	5075 5000	Aug	208.2	212.2	221.3 214.5	214.5
Aur.	4850	4857	4860	4845	Sep	201.7	206.2	208.0	201.0
					Oct Dec	194.4	199.7	200.5	193.5
2000	A 10 toru	es,\$/lonne	s		Jan	191.5	197.7 197.5	197.5	192.0
	Close	Previous	High/Low		Mar	791.0	197.0	197.0 195.5	191.5 191.0
					May	191.0	197.0	196.2	191.0
ul oo	1175 1196	1135 1175	1183 1206	1144 1185	MACZ	5,000 bu	min; cents/5	Alle bushed	
eo eo	1231	1213	1237	1223		Close	Previous		
ler .	1245	1232	1255	T240	Jul	262/2		High/Low	
ley U	1258	1265	1261	1252	Sep	251/0	255/4 255/0	265/0	260/6
юр	1292	1273	1208	1292	Dec	248/2	252/8	254/0 251/0	249/4
					Mas	255/8	299/6	257/6	253/4
OFF	EE 'C' 37	,500/ba; ca	nts/fbs		May	250/0	262/5	260/4	257/6
~	Close	Previous			Sep	259/0 253/0	263/0 251/4	290/6	258/4
					Dec	246/0	244/4	253/6 248/0	250/4 243/0
ul.	118,99	116.27 111.08	119.00	117.00	THEA	T 5 000 h	min; cents/		2430
ec ec	109.25	108.00	112.70 109.50	111.60				Wib-bushel	
/ar	110.00	106.00	110.10	100.25		Close	Previous	High/Low	
Say	111.75	110.00	0	0	Jul	398/6	399/2	403/0	386/2
ul	111.53	112.13	0 .	0	Sep Dec	403/2	404/8	407/2	403/0
ep	110.08	111.50	0	0	Mar	415/B 420/6	418/2	421/0	415/4
					May		423/4	425/0	420/4
-		P(48 445.0	Marian	4-Mb-			41 <i>2K</i> 1	444-	
			100 lbs; cen	te/lbs	ایال	408/4 373/0	412/0 375/0	411/0	408/0
	Close	"11" 112,0 Previous	100 lbs; cen High/Low	te/lbs	Jul	408/4 373/0	375/0	375/0	408/0 371/0
	Close 18.99	Previous 13.05	High/Low 14.03		Jul	408/4 373/0 ATTLE 40	375/0 .000 lbs; cen	375/0	
ct	13.99 13.91	Previous 13.05 13.07	High/Low 14.03 14.00	13.58 13.58	LIVE	409/4 373/0 ATTLE 40 Close	375/0	375/0	
et mn	13.99 13.91 12.00	Previous 13.05 13.07 12.10	High/Low 14,03 14,00 12,10	13.56 13.58 12.10	LIVE (	408/4 373/0 ATTLE 40 Close 69.97	375/0 .000 lbs; cen	375/0 ts/lbs High/Low	371/0
et mn ler	13.99 13.91 12.00 12.76	Previous 13.05 13.07 12.10 12.25	14.03 14.00 12.10 12.76	13.56 13.58 12.10 12.65	LIVE (	409/4 373/0 Close 69.97 71.05	375/0 .000 lbs; con Previous 70.12 71.05	375/0 hs/lbs High/Low 70.25 71.05	371/0 69.70 71.09
et mn ler lay	18.99 18.91 12.00 12.76 12.63	Previous 13.05 13.07 12.10	High/Low 14,03 14,00 12,10	13.56 13.58 12.10	LIVE (	409/4 373/0 Close 69.97 71.05 72.75	375/0 ,000 lbs; cen Previous 70.12 71.05 72.77	375/0 hs/lbs High/Low 70.25 71.05 73.30	371/0 69.70 71.09 72.52
et mn ler lay	13.99 13.91 12.00 12.76	Previous 13.05 13.07 12.10 12.25 12.13	High/Low 14.03 14.00 12.10 12.76 12.83	13.58 13.58 12.10 12.65 12.47	Aug Sep Oct Dec Feb	409/4 373/0 Close 68-97 71.05 72.75 73.00	375/0 .000 lbs; con Previous 70.12 71.05 72.77 73.12	375/0 hs/lbs High/Low 70.25 71.05 73.30 73.40	371/0 69.70 71.05 72.52 72.90
ct mn ler ley ul	13.99 13.91 12.90 12.78 12.63 12.45 12.33	13.05 13.07 12.10 12.25 12.13 11.95 11.83	14.03 14.00 12.10 12.76 12.83 12.45	13.56 13.58 12.10 12.65 12.47 12.25	Aug Sep Oct Dec Feb	409/4 373/0 Close 69.97 71.05 72.75 73.00 71.80	375/0 .000 lbs; can Previous 70.12 71.05 72.77 73.12 72.72	375/0 hs/lbs High/Low 70.25 71.05 73.30 73.40 72.95	59.70 71.05 72.52 72.80 72.30
ct mn ler ley ul	18.99 18.91 12.00 12.78 12.63 12.45	13.05 13.07 12.10 12.25 12.13 11.95 11.83	14.03 14.00 12.10 12.76 12.83 12.45	13.56 13.58 12.10 12.65 12.47 12.25	Aug Sep Oct Dec Feb Jun Aug	409/4 373/0 Close 69.97 71.05 72.75 73.00 71.60 70.00	375/0 900 lbs; cent Previous 70.12 71.05 72.77 73.12 72.72 72.10 71.50	375/0 bs/lbs High/Low 70.25 71.05 73.30 73.40 72.95 72.45	371/6 69.70 71.09 72.52 72.90 72.30 71.80
ct mn ler ley ul	13.99 13.91 12.90 12.78 12.63 12.45 12.33	13.05 13.07 12.10 12.25 12.13 11.95 11.83	14.03 14.00 12.10 12.76 12.83 12.45	13.56 13.58 12.10 12.65 12.47 12.25	Aug Sep Oct Dec Feb Jun Aug	409/4 373/0 Close 69.97 71.05 72.75 73.00 71.60 70.00	375/0 900 lbs; cent Previous 70.12 71.05 72.77 73.12 72.72 72.10 71.50	375/0 bs/lbs High/Low 70.25 71.05 73.30 73.40 72.95 72.45	59.70 71.05 72.52 72.80 72.30
ct mn ler lay ul ct	Close 18.99 18.91 12.90 12.76 12.63 12.45 12.83 ON 50.000 Close	Previous 13.05 13.07 12.10 12.25 12.13 11.95 11.83 Previous	High/Low 14.03 14.00 12.10 12.76 12.83 12.45 0	13.58 12.10 12.65 12.47 12.25 0	Aug Sep Oct Dec Feb Jun Aug	409/4 373/0 ATTLE 40 Close 69.97 71.05 72.75 73.00 72.40 71.80 70.00	375/0 .000 lbs; cen Previous 70.12 71.05 72.77 73.12 72.72 72.10 71.50 30 lb; cents/j	375/0 bs/lbs High/Low 70.25 71.05 73.30 73.40 72.95 72.45	371/6 69.70 71.09 72.52 72.90 72.30 71.80
ct mn ler lay id ct	Close 18.99 13.91 12.00 12.76 12.63 12.45 12.33 ON 50.000 Close 68.80	Previous 13.05 13.07 12.10 12.25 12.13 11.95 11.63 Previous 68.60	High/Low 14.03 14.00 12.10 12.76 12.45 0 High/Low 69.15	13.58 13.58 12.10 12.65 12.47 12.25 0	Aug Sep Oct Feb Jun Aug	409/4 373/0 ATTLE 40 Close 68.97 71.05 72.75 73.00 72.40 71.80 70.00 Close	375/0 900 lbs; cent Previous 70.12 71.05 72.77 73.12 72.72 72.10 71.50	375/0 bs/lbs High/Low 70.25 71.05 73.30 73.40 72.95 72.45	59.70 71.09 72.52 72.90 71.80 70.60
ct mn ler lay ct	Close 18.99 18.91 12.90 12.76 12.63 12.45 12.83 ON 50.000 Close	Previous 13.05 13.07 12.10 12.25 12.13 11.95 11.83 Previous	High/Low 14.03 14.00 12.10 12.03 12.63 12.45 0 High/Low 69.15 71.07	13.56 13.58 12.10 12.65 12.47 12.25 0	LIVE ( Aug Sep Oct Dec Feb Jun Aug LIVE I	409/4 373/0 ATTLE 40 Close 69.97 71.05 72.75 73.00 72.40 71.80 70.00	375/0 .000 lbs; cen Previous 70.12 71.05 72.77 73.12 72.72 72.10 71.50 30 lb; cents/j	375/0 ts/lbs High/Low 70.25 71.05 73.30 73.40 72.95 72.45 0 bs	52.70 71.09 72.52 72.90 72.30 71.80 70.00
et min ler ley ut et of re	Glose 13,99 13,91 12,00 12,75 12,45 12,45 12,45 12,33 ON 50,000 Close 68,50 70,00 71,02 72,20	Previous 13.05 13.07 12.10 12.28 12.13 11.95 11.83 CESTS/fbs Previous 68.60 70.66	High/Low 14.03 14.00 12.10 12.76 12.45 0 High/Low 69.15	13.58 13.58 12.10 12.65 12.47 12.25 0	Aug Sep Oct Dec Feb Jun Aug LIVE I	408/4 373/0 2ATTLE 40 Close 69.97 71.00 72.40 71.80 70.00 Close 49.20 49.20 49.20	375/0 375/0 370 lbs; con 70. 12 71.05 72.77 73. 12 72.72 72.10 71.50 30 lb; conts/i Previous 49.07 48.22	375/0 br/lbs High/Low 70.25 71.05 73.30 73.40 72.95 72.45 0	59.70 71.09 72.52 72.90 71.80 70.60
et min ler ley ud et et et et	Glose 13,99 13,91 12,06 12,78 12,83 12,45 12,83 12,45 12,83 ON 50,000 Close 68,80 70,80 71,02 72,26	Previous 13.05 13.07 12.10 12.20 12.23 11.95 11.95 11.95 70.66 70.66 70.75 71.75 71.75	High/Low 14.03 14.00 12.10 12.76 12.83 12.46 0 High/Low 69.15 71.07 71.40 72.20 72.65	13.56 13.58 12.10 12.65 12.47 12.25 0 68.40 70.40 70.80 71.90	LIVE ( Aug Sep Oct Dec Feb Jun Aug LIVE I	408/4 373/0 Close 69.97 71.05 72.75 73.00 71.80 70.00 Close 49.20 48.07 44.07	375/0 .000 lbs; con Previous 70.12 71.12 72.77 73.12 72.72 72.10 71.50 30 lb; conts/i Previous 49.07 48.07 44.00	375/0 bs/lbs High/Low 70.25 71.25 73.30 73.40 72.95 72.45 0 bs High/Low 49.50 48.50 44.42	371/0 69.70 71.09 72.52 72.90 71.90 71.90 70.00
ct mn ler ley d ct ct ct ct	Glose 13,99 13,91 12,00 12,75 12,45 12,45 12,45 12,33 ON 50,000 Close 68,50 70,00 71,02 72,20	13.05 13.07 12.10 12.25 12.13 11.95 11.83 Costs/fbs Previous 63.60 70.65 70.92 71.75	High/Low 14.03 14.00 12.10 12.10 12.93 12.45 0 High/Low 69.15 71.07 71.40 72.20	13.56 13.56 12.10 12.65 12.47 12.25 0 68.40 74.40 77.50	Aug Sep Oct Dec Feb Jul Aug Cet Dec Feb	408/4 373/0 2ATTLE 40 Close 69.97 71.00 72.40 71.80 70.00 Close 49.20 49.20 49.20	375/0 .000 lbs; cen Previous 70.12 71.05 72.77 72.12 72.72 72.10 71.50 30 lb; cents/i Previous 49.07 48.22 44.00 46.25	375/0 bs/lbs High/Low 70.25 71.05 73.40 73.40 72.95 72.45 0 bs High/Low 49.60 48.70 44.60	59.70 71.05 72.52 72.90 72.30 71.80 70.00 48.02 48.02 48.02 48.00
ot min lear leay ut lect of the color lead lect leave	Glose 13,99 13,91 12,05 12,75 12,65 12,65 12,33 ON 50,000 Close 63,50 70,80 71,02 72,85	Previous 13.05 13.07 12.10 12.23 12.13 11.93 11.83 Previous 68.50 70.92 71.75 72.45	High/Low 14.03 14.00 12.10 12.76 12.93 12.46 0 High/Low 69.15 71.07 72.20 72.80	13.56 13.58 12.10 12.65 12.47 12.25 0 68.40 70.40 70.80 71.90	LIVE ( Aug Sep Oct Feb Jun Aug Clark	488/4 3730 CATTLE 40 Close 69.97 71.05 72.40 71.40 71.90 70.00 Close 49.20 49.20 49.27 44.97 45.20 47.75	375/0 .000 lbs; con Previous 70. 12 71.02 72.77 73. 12 72.72 72.10 71.50 30 lb; conts/i Previous 49.07 48.22 44.00 46.25 47.62	375/0 bs/lbs High/Low 70.25 71.25 73.30 73.40 72.95 72.45 0 bs High/Low 49.50 44.50 44.60 47.85	\$9.70 71.09 72.52 72.90 72.30 71.80 70.00 48.02 48.02 48.85 48.00
ot min lear leay ut lect of the color lead lect leave	Glose 13,99 13,91 12,05 12,75 12,65 12,65 12,33 ON 50,000 Close 63,50 70,80 71,02 72,85	Previous 13.05 13.07 12.10 12.20 12.23 11.95 11.95 11.95 70.66 70.66 70.75 71.75 71.75	High/Low 14.03 14.00 12.10 12.76 12.93 12.46 0 High/Low 69.15 71.07 72.20 72.80	13.56 13.58 12.10 12.65 12.47 12.25 0 68.40 70.40 70.80 71.90	Aug Sep Oct Dec Feb Jun Aug Oct Dec Feb Aug Oct Aug Oct Dec Feb Aug Oct Aug Oct Dec Feb Aug Oct Dec Feb Aug Oct Dec Feb Aug Oct Dec Feb Aug Oct Dec Feb Aug Oct Dec Dec Dec Dec Dec Dec Dec Dec Dec Dec	408/4 373/0 CATTLE 40 Close 69.97 71.05 72.75 73.00 70.00 70.00 70.00 49.07 44.07	375/0 375/0 370 lbs; cen 70.12 71.02 71.02 72.77 72.12 72.10 71.50 30 lb; centa/s 49.07 48.22 44.00 46.25 47.82 44.52 44.52 44.52	375/0 bs/lbs High/Low 70.25 71.05 73.40 72.95 72.45 0 High/Low 49.50 48.70 44.72 46.60 47.85	59.70 71.05 72.50 72.50 72.90 71.80 70.00 48.00 48.00 48.00 48.00 48.00 48.00 48.00 48.00 48.00 48.00 48.00 48.00
ot minimum der	Glose 13.99 13.91 12.00 12.76 12.85 12.45 12.45 12.83 ON 50.000 Close 68.80 70.80 71.02 72.20 72.85	Previous 13.05 13.07 12.10 12.28 12.13 11.95 11.83 Previous 68.50 70.66 70.92 71.75 72.46	High/Low 14.03 14.00 12.10 12.76 12.83 12.45 0 High/Low 93.15 71.07 72.90 72.90 conts/fbs	13.56 13.58 12.10 12.65 12.47 12.25 0 68.40 70.40 70.80 71.90	Aug Sept Oct Feb Jun Aug Oct Feb Aug Oct Feb Aug Jun Jul	408/4 373/0 CATTLE 40 Close 89.97 71.05 72.75 73.00 71.80 71.80 71.80 70.00 Close 49.20 49.20 44.07 44.57 44.55 44.55	375/0 375/0 370 lbs; con 70.12 71.05 72.77 73.12 72.72 72.10 71.50 30 lb; conts/i 49.07 48.07 44.00 45.25 44.52 44.50 46.00	375/0 hs/hbs High/Low 70.25 71.05 73.40 72.45 0 49.50 49.50 44.42 46.60 47.26 44.72 44.50	\$9.70 71.09 72.52 72.90 72.30 71.80 70.00 48.02 48.02 48.85 48.00
ot man lear lay state of the color lay state	Glose 13.99 13.91 12.09 13.91 12.76 12.75 12.45 12.45 12.33 DN 50.000 Close 68.80 70.80 71.02 72.20 72.20 72.85 Close	Previous 13.05 13.07 12.10 12.28 12.23 12.13 11.93 conta/fbs Previous 68.60 70.66 70.92 71.75 72.10 72.45	High/Low 14.03 14.00 12.10 12.76 12.83 12.45 0 High/Low 69.15 71.07 72.80 72.80 conta/fbs High/Low	13.56 13.56 12.10 12.15 12.47 12.25 0 65.40 70.60 71.50 77.40 72.48	Aug Sept Oct Feb Jun Aug Oct Feb Aug Oct Feb Aug Jun Jul	408/4 373/0 CATTLE 40 Close 89.97 71.05 72.75 73.00 71.80 71.80 71.80 70.00 Close 49.20 49.20 44.07 44.57 44.55 44.55	375/0 375/0 370 lbs; con 70.12 71.05 72.77 73.12 72.72 72.10 71.50 30 lb; conts/i 49.07 48.07 44.00 45.25 44.52 44.50 46.00	375/0 hs/hbs High/Low 70.25 71.05 73.40 72.45 0 49.50 49.50 44.42 46.60 47.26 44.72 44.50	59.70 71.09 72.52 72.90 72.30 71.80 70.00 48.02 48.00 47.50 44.00 46.02 46.00 47.50 46.05
ot man ler ley de ct.	Glose 13.99 13.91 12.00 12.78 12.65 12.45 12.45 12.45 12.83 DN 50.000 Close 68.80 70.80 71.00 72.20 72.20 72.20 72.20 72.20 72.20 72.20 72.20 141.00	Frevious 13.05 13.07 13.07 12.10 12.23 12.13 11.95 11.95 11.63 Conta/bs Previous 68.80 70.66 70.92 70.92 72.10 72.45 16.000 the	High/Low 14.03 14.03 14.03 12.10 12.76 12.65 12.45 0 0 High/Low 68.15 71.07 71.40 72.85 72.80 Conta/libs	13.56 13.58 12.10 12.65 12.47 12.25 0 68.40 70.40 70.80 71.90 72.48	Aug Sept Oct Feb Jun Aug Oct Feb Aug Oct Feb Aug Jun Jul	408/4 373/0 Close 69.97 71.05 72.75 72.76 71.80 70.00 10'08' 30.0 10'08' 30.0 49.20 49.20 49.27 44.97 44.97 44.57 44.53 48.58 8BELLIES	375/0 375/0 370 lbs; cen 70. 12 71. 02 72. 77 72. 12 72. 10 71. 50 30 lb; cents/s 49.07 48.02 44.00 46.25 47.82 44.00 48.00 48.00	375/0 bs/lbs High/Low 70.25 71.05 73.30 73.40 72.95 72.45 0 bs High/Low 49.50 44.70 44.60 47.95 44.72 44.60 47.95 44.72 48.70	59.70 71.09 72.52 72.90 72.30 71.80 70.00 48.02 48.00 47.50 44.00 46.02 46.00 47.50 46.05
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## LONDON STOCK EXCHANGE

# Bid moves boost morale in equities

A LONDON stock market still basically uneasy over sterling and the domestic labour relations background was overwhelmed yesterday by a wave of bid developments led by a £3.1bn cash offer for Consoli-dated Gold Fields from the Hauson group. Before mid-session, the day's bid total had been pushed above £5bn as Newgateway, the US bidder, offered a revised £2.09m for Gateway, the UK supermarket group, just topping a new offer from Isosceles made earlier in

This sudden rush of prospec tive cash into the market offset the cautious tone at the open-ing of equity trading. The bid

the day.

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Account Dealing Dates Jul 14 Jun 20 Jul 10 Jul 24

for Gold Fields, in addition to throwing the spotlight on a number of other mining and building aggregate stocks, also offered the prospect of substan-tial cash profits for many major investment portfolios, most of which have stakes in the mining and industrial glant. Also helping market

indices was a sharp rise in Hanson shares, an unusual response from a company making a large cash bid and a tribute to the Hanson balance

Underlying worries returned when the sterling exchange rate slipped lower and the equity market fell briefly into negative territory. However, the exchange rate recovered to edge higher on the day and share prices also moved up again. With Wall Street quiet in early dealings, London closed calmly, with the excep-tion of the electronics sector which was enlivened by a Government statement on the next move on personal telephone

The final reading on the FT-SE Index showed a net gain on the day of 7.8 points at 2,180.0 and the fifth consecutive daily gain. Trading vol-ume, boosted by 11m shares in Consolidated Gold Fields. totalled 507.5m shares through the Seaq system, against 380.3m in the previous session. "If it had not been for the rush

of bid news, the market would probably have been down today," commented one trader. The continued uncertainty over interest rates was re-fu-elled yesterday by Mr Bill Martin, economist at Phillips & Drew, the UK securities house, who warned of the danger that

to 15 per cent to combat inter-nal inflationary pressures. This week has brought a resurgeance of industrial rela-

tions troubles in the UK, which is regarded as a sign that the next wage round will be hard fought. The stock market is bracing itself for a national dock strike and for further dis-ruption on the nation's rail-

However, the equity market remains clearly well-supported by the major institutions which are unwilling to sell stock and can now expect further additions to their substan-tial cash positions from the spate of bids in the market.

stands at a discount to its his

toric net asset value, the core businesses have strong defen-sive qualities and are underval-

ued, and the shares are likely to outperform in the event of a

strategic acquisition. Bny

A B Foods for long-term outper-formance and short-term spec-

ulation, advises Warburgs. United Biscuits were a good

market, adding 7 at 358p in

turnover of 5.3m shares on whispers of renewed buying

from Switzerland. Talk of the Swiss connaction was enhanced by news that Jacobs Suchard, the confectionary

group said to be interested in

acquiring a UK foods group, is

to open up its share register to overseas investors. Cadbury

Schweppes maintained Wednesday's form with a rise

of 8 to 374p on turnover of 2.6m; "people are realising just how cheap they are," com-

mented one trader. Filtration company Whatman Reeve jumped 20 to 448p and marketmakers spoke of a bullish circular from James

Capel. But Mr Robin Gilbert, of

Capel, said that all he had done

was include the company in Capel's 'green book' of environ-mental companies. "It isn't the

most high profile stock, but it

is a good company," said Mr

allow the irradiation of food boosted Isotron, which snp-

plies the radioactive isotopes used in the process. The stock rose 18 to 276p, after 278p, for a

two day gain of 44.
Increased annual profits
were of little help to commer-

cial vehicle manufacturer ERF,

10 easier at 488p.

Bid speculation continued to surround David S Smith, up 11

FINANCIAL TIMES STOCK INDICES 84.66 1926.2 48.4 (16/7/87) (26/6/40) (3/1) 154.7 734.7 43.5 (17/2) (15/2/83) (26/10/71) Ord. Oi, Yield Earning Yid %(full) P/E Ratio(Net)(\*) SEAO Bargains(5pm 4,41 10.59 11.60 23,721 S.E. ACTIVITY 11.38 10.71

11.04 10.97 29,824 1342.68 Equity Turnover(Sm)† Equity Bargains† Shares Traded (mi)† Ordinary Share Index, Hourly changes ●Opening ●19 am. ●11 am. ●12 pm. ●1 pm. 1810.5 1805.3 1807.7 1804.2 1804.6 DAY'S HIGH 1816.7 QAY'S LOW 1803.5 Besis 100 Govt. Secs 15/10/26, Flued Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, 2NII 11,49 Texcluding Intra-ma

173.7 London Report and lates

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Equity Bargains

## Gold Fields tops bid price

The markat was caught unawares by Hanson's £3.1bn bid for Consolidated Gold Fields but quickly sensed the likelihood that the way was open for an agreed, recom-mended deal between the two companies. Gold Fields shares rose sharply at first but then bung fire below the bid price until US buyers flooded in, sig-nalling expectations that the Gold Fields board may extract. a higher price from Hanson in return for its recommendation. At the close, Gold Fields shares were up 208 at 1458p, compared with Hanson's cash offer of 1430p a ahare. The response from the US could

pects, since it is assumed that the large stakes built up by North American investors during the aborted Minorco offer have remained in place.
At UBS Phillips & Drew, the
London securities house and
close watcher of Gold Fields, Mr Jack Jones advised clients last night to hold on to their shares. "Final terms of £15 are still on the cards," he believes. Intervention by a third party is regarded as unlikely, although the market was noting the cross-Atlantic tussle for con-

trol of Gateway, the UK super-

prove crucial for the bid's pros-

## Reverberations...

market group.

The Hanson bid sent speculative buyers seeking out other stocks which could be affected by the move. Hanson gained 11 to 214p despite its cash bid. The valuation placed by the bid on mining assets spurred an advance of 16 to 505p in RTZ, while Charter Consoli-dated gained 31 to 536p as investors weighed the chances that Minorco, which already has 36 per cent, will use its cash haul from the Gold Fields

situation to take out the rest of the Charter equity. Minorco the Charter equity. Minorco shares rose by 106 to 994p.

The ripple effect reached Johnson Matthey, in which Charter has a 38 per cent stake, sending shares in the precious metals refiner ahead to 168 to 1 by 16 to 405p; in turn, Cookson Group, with just over 8 per cent of Johnson Matthey, put

on 5 to 334p. English China Clays benefited from having its aggregate business associated with the Amey Roadstone part of Cons-gold. It climbed 12 to 489p. Sim-liarly Redland rose 12 to 569p and RMC 14 to 781p. Steetly, belped also by the application for a listing on the Paris bourse, gained 12 to 447p. BAT Industries, however,

were a definite non-beneficiary. Buoyed recently by speculation that it could be a Hanson tar-get, the shares took a beating as speculative holders hurried to reduce their commitments By the close the price had reacted 28 to 641p after volume

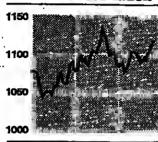
### Gateway drama

After a hectic session in Gateway ware announced within the space of 90 minutes, Isoscales appeared close to win-ning its battle with Newgateway for control of the supermarket group. By the close 79m Gateway shares had changed hands as the price rose 10%p to 233p. A large por-tion of the buying was done by broker Panmure Gordon on behalf of Isoscales, which ended the day claiming control of 44.8 per cent (including acceptances) of Gateway having bought A B Foods' crucial 15 per cent stake. Newgateway, in contrast, controlled just around two or three per cent of its target having bought shares during and after the official

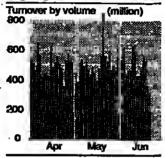
lysts was that it was now extremely difficult for Newgateway to win enough accep-tances to foil Isosceles. "It is all now in the hands of the one or two institutions who each own a couple of per cent of Gateway," said one. "And it's likely they will come over to the Isosceles camp because it is not worth holding out for the sake of an extra five pence." The drama started inst before midday when Isosceles made what it said was a final offer of 230p a share and amounced it had bought the A.B. Foods stake. An hour and a half later, after Gateway's management had rejected the latest Isosceles approach, Newgateway countered with a bid (subsequently recom-mended by Gateway) of 2350 a share, but by then Isosceles had picked up what dealers now believe is a clinching 44.8

The announcement by Lord Young, the UK Trade and Industry Secretary, that several new operators are to be allowed to compete directly in

### FT-A All-Share Index

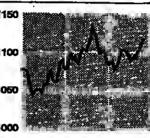


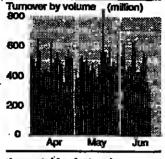
**Equity Shares Traded** 



dned, although this morning BZW publishes a buy note on the company. Mr Fergus Macleod, analyst at BZW, says that Pertamina, the Indonesian national oil corporation, is set to conclude deals that will to conclude deals that will increase supplies of liquified gas to Japan and South Korea by 12 per cent and 33 per cent respectively. The president of respectively. The president of Pertamina is quoted as saying the contract would be signed

Indonesia accounts for more than 30 per cent of Ultramar's income and this deal would by 20 per cent, said Mr Macleod. "That should boost 1992 earnings by 8 per cent, equivalent to another 20p on



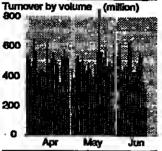


the portable electronic communications business set shares in this volatile sector ablaza towards the close. Cable & Wireless, whose Mercury sub-sidiary has been effectively guaranteed one of the new licenses, jumped 21 to 495p, but Racal Telecom and British Telecom, both excluded from the new licenses, fell sharply the former by 12 to 462p, and

## **NEW HIGHS AND LOWS FOR 1989**

SEEW HIGHES (114).
CANADIANE (1) Howfor Sid Cara, BANKES (4) Connectable, Deutsche Benk, Guinness Heinen, Schroders, BREWERS (2) Bene, Guinness Heinen, Schroders, BREWERS (2) Bene, Guinness, Britanian Thompson, BVILDRIGG (3) Allewoods, Broughan (Rob M), Braham Wood, MoAlpine (A), NSM, Needler Grp., CREMICALS (7) STORES (3) Betherware, Liberty, Smith (W.H.) "A", Speed, & Shemmare, Liberty, Smith (W.H.) "A", Speed, & Shemmare, Liberty, Smith (W.H.) "A", Speed, & Shemmare, Charley, Grander Cheming, Cook (Win.), Thysose, FOODS (9) Ass But Foods, Guinney, Kwit Sawe, Morrison (Win.), Northern Foods, Utd Bascutts Wirks, SEDUSTRALS (18) Ass Brit Consultania, Brit Vile, CSP, Capero Inde, Capita Grp., Charter Cons., Christies Mt., DSC, ES, Heisson, Do. Spee Or Lin, Do. 5.75pc Or Pt., Sootne, Porter Chadhurn, S.P. Ind., Sooge Gp., Sidley Grp.

## estimates for the current year from 9p to 9%p and for 1990 from 10%p to 11%p. The advice to investors is changing from a hold to a buy and he is upping, for currency reasons, his fore-



the latter by 8 to 264%p.
Trade in Ultramar was sub-

by September.

the share price."
He is raising his dividend

### cast for current year profits from £100m to 105m. Ultramar firmed a penny to 309p. Disappointment over the lack of interest shown in the -issued stock of Smith-

when-issued stock of Smith-Kline Beecham, knocked Bee-cham back 12 to 629p. SKBee-cham registered a paitry 11,000 shares traded as the price slid 14 to 530p. Wellcome firmed 14 to 460p

in its second day of recovery after recent sharp falls. One dealer spoke of US bnying st, and another sugge there had been a buy note from BZW, which the broker denied. US bnyers chased British Airways up 5 to 206p in good voluma of 4.5m shares, and

Reuters, up 12 at 807p in what, for the stock, is reasonable turnover of 865,000 shares.

Shares in Bass, the UK's largest brewer, traded nervously ahead of this morning's hastily-arranged conferences with City analysis and journalists. The shares were initially a ists. The shares were initially a few points higher in early trading, but after news of the meet-ings reached the market the price remained obstinately stuck at 1016p, where it closed "People were just too scared to trade," said one dealer. The session's turnover of just over 'Am shares backed up the com-

The speculation in the mar-ket was that Bass would announce some sort of acquisition, but with so many poten-tial targets, few were willing to offer predictions save that any purchase would not be in the UK drinks market, given the current dispute over the imple-mentation of the Monopolies Commission's report on the brewing industry.

Further vague talk of Further vague talk or leveraged buy-outs failed to lift Allied Lyons any more than 6 to 457p in moderate trade, while Guinness, a good market throughout the session, added

8 at 516p. Trusthouse Forte benefited from anpport following the biennial analysts visit, the shares rising 9 to 327p on turn-over of 2m shares.

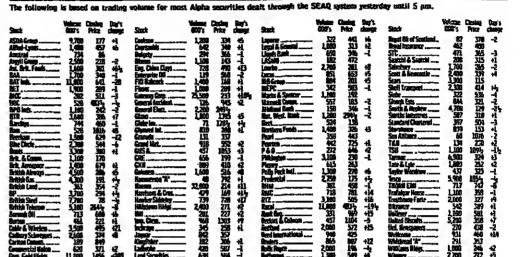
"Green" issues continued in vogue and Caird rose 16 fur-

vogue and Caird rose 16 further to 565p while Attwoods improved 10 to 515p. Elsewhere, Countryside Properties fell 13 to 217p.

A B Foods were a feature among mixed foods manufacturers, climbing 6½ to 331p. The shares, already buoyed by the sale of the company's 15 per cent stake in Gateway, were boosted further by a bullish note from Warburg Securiish note from Warburg Securi-

The Foods team at Warburgs has found a variety of reasons to recommend AB Foods: the stock is currently cheap, it

### TRADING VOLUME IN MAJOR STOCKS



more at 346p, while Mersey Dock units shot higher late to 215p for a gain of 23. One or two good buyers appeared sud-denly for Aitken Hume, the financial services group, which Camford Engineering firmed

5 to 307p after it announced that Markheath had taken its stake to 28 per cent, up from 24 per cent in five weeks. It reaf-firmed its belief that it was Markheath's intention to raise the figure to 29.99 per cent. A surge of bnying orders forced shares of Lonrho out of the recent range and the close

was 8 firmer at 281p. Some of the business represented intra-market activity, but there was also revived interest from retail sources.
Rothmans International suffered not so much from profits which, at £326.7m, were within the market range, but from an early optimistic forecast that the figure could exceed £340m. The shares dropped to 532p before rallying smartly late to close 4 dearer on balance at

Mr Mark Duffy of Warburg Securities said "outperformance will come from above-avergae eps growth and histori-cally high liquidity. Tobacco profits should recover during the current year benefiting from favourable exchange rates and on-going rationalisation. A 20 per cent p/e discount does not reflect the value of luxury goods interest Dunhill and Cartier. The shares are a

buy."
The temporary shutdown of

two oil platforms in the Ninian field in the North Sea put a damper on oil stocks. Sh and Lasmo closed unchanged, the last-named losing 3 off the day's best in the light of its 17 per cent stake in Ninian. Lasmo has a breakfast meeting with institutional investors

this morning. Of the two newcomers to the Unlisted Securities market, essential oils and aromatic chemical group Treatt rose to 126p compared with a placing price of 107p while contracting and building concern Allen, recently placed at 110p, settled at 115p.

Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 30

past three years.

Mr John Giffen has been

appointed managing director of HIRAM WALKER-ALLIED

of Hiram Walker-Gooderham

& Worts. He is succeeded as

chairman of Hiram Walker-Allied Vintners

Murphy who remains

chairman of Hiram

(Canada) by Mr James F.

Walker-Allied Vintners Inc.

**■ CAMBRIDGE COMPUTER** 

GRAPHICS has appointed Mr

REDDISH SAVILLES, part

appointed Mr Ron Tyreman as financial director. He was

From August I Mr Harmen Heyn will join LUCAS AUTOMATIVE as director of

marketing. He is director of

Gary Glover as managing

director. He was general manager of GML.

of Brent Chemicals International Group, has

financial controller.

VINTERS, and president of

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TBUSTS (2) Perpohan, St Design & Int Tst.,
OSE (2) Crusader, Highland Parks.

# Important notice to **Gateway Shareholders**

Gateway shareholders who have accepted any offer from Isosceles PLC can withdraw. The procedure for withdrawal is set out on the withdrawal form which has already been sent to Gateway shareholders.

Any shareholder who has mislaid this form, or has questions on how to complete it, should telephone National Westminster Bank Registrar's Department's Helpline 0272 306545 or 306546.

This odvertisement, which has been issued by Lozard Brothers & Co., Limited, Lazard Frères & Co. Limited and Margan Grenfell & Co. Limited, members of The Securities Association, on behalf of The Goteway Carparation PLC ("Gateway"), hos been approved by a duly authorised committee of the Board of Gateway. The Directors of Gateway are the persons responsible for the informatian contained in this odvertisement. To the best of the knowledge and belief of the Directors of Gateway (who have taken oll reosonoble care to ensure that such is the case) the informatian contained herein is in accordance with the facts and does not omit anything likely to affect the impart of such information. The Directors af Gateway accept responsibility accordingly.

## APPOINTMENTS

## Glaxo US chief executive

Dr Charles Sanders has been appointed chief executive offi-cer at the US division of Giaxo, Britain's biggest drugs com-pany, writes Peter Marsh.

Dr Sanders, who is currently vice chairman of Squibb, a US pharmaceuticals group, will have day to day responsibility for Glaxo's operations in the US, which account for some two fifths of the company's £2bn annual sales. He will report to Dr Ernest Mario, former chief executive

Mr Euan Niven bas joined the transport services division (fleet sector) of SECURICOR GROUP as financial controller.

 Mr Frederick Osborn has been appointed a director of HANIEL TRANSPORT (UK) with responsibility for the airforwarding division, Air Haniel. He was general manager in charge of airfreight.

 AGRICULTURAL
 GENETICS COMPANY,
 Cambridge, has appointed Dr Peter Innes as director of its technology transfer division, of which he was manager.

■ TOWN & COUNTRY **BUILDING SOCIETY** has appointed Mr Peter C. Pullin as assistant general manager (finance), covering treasury and related operations, based at Clacton on Sea. He was treasurer of the Cheltenham & Gloucester Building Society.

Granada man to join Kingfisher of Glazo's US division, who became chief executive of the group in May. Dr Mario, who will remain chairman of Glaxo in the US, replaced Mr Bernard Taylor, who had been chief executive of the group for the past three years.

KINGFISHER has appointed Mr Geoff Powell as director responsible for its home improvement, electrical, and autocare markets. He will be joining the board in the near future. Mr Powell is currently managing director of Dr Sanders, 57, joined Squibb in 1981. Before this he was a general director of the Massa-Granada's UK rental and retail division, and a Granada Group director. He will be leaving chusetts General Hospital in Granada in August. Boston and professor of medi-cine at Harvard Medical School.

Following the departure of Mr Powell to Kingfisher, CRANADA is re-organising the rental and retail division. Mr Tom Cole, currently managing director of the Granada chain, becomes managing director of UK rental, a new post covering domestic operations. Mr John O'Brien is appointed to the new post of managing director, commercial and overseas

international sales and operations for INA KG, European supplier of needle roller bearings.

THORNTONS has appointed. Mr David Mitchell as divisional managing director
- UK retail/sales, from July
3. He joins from Grand Metropolitan Retailing, and succeeds Mr Nigel Etchells, now divisional director responsible for European retail development.

■ NEWMARKET VENTURE CAPITAL has appointed Mr



Mr David Baker (above) has been appointed managing director of SUN LIFE INVEST-MENT MANAGEMENT SER-VICES.

Alan Duncan as a director of Newmarket Management Services. He was with Foreign and Colonial Ventures.

■ JONES & SHIPMAN has appointed Mr John C. Armstrong as a non-executive director. He retires shortly as managing director of the chemical division of British Alcan Aluminium

■ BIRMINGHAM MIDSHIRES BUILDING SOCIETY has appointed Mr John Joyce, general manager, sales and marketing, as managing director of its estate agency subsidiary, Birmingham Midshires Property Services.

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## CURRENCIES, MONEY AND CAPITAL MARKETS

### **FOREIGN EXCHANGES**

# Dollar comes under pressure

THE DOLLAR and sterling hovered around technical sup-port levels yesterday, after a sudden bout of pressure on the US currency and a continua-tion of the recent steady decline of the pound.

Lack of economic news has tended to concentrate attention on chart points. The market gnored an upward revision to 4.4 per cent from 4.3 per cent in first quarter US GNP growth.

Technical support for the dollar is seen at around DM1.9450 to DM1.9500, after the breaching of a higher support level at DM1.9700 on Wednesday in New York. A hreak through the new level could take the dollar down to DM1.9200 according to dealers. In early European trading the in early European trading the US unit fell to a low of DM1.9455, hut then it slowly moved higher to close at DM1.9595 in London, compared with DM1.9700 on Wednesday.

A sudden weakening of the dollar followed publication of areport by a Washingtoo economic consultancy claiming

nomic consultancy claiming that the US, West Germany and Japan - known as the Group of Three - had agreed the dollar should weaken between now and a meeting of the International Monetary Fund in September. It was also claimed that the agreement was a compromise after the US

C IN NEW YORK

June.22	Latest	Previous Close
£ Spot 1 panth 3 panths 12 menths	1.5585-1.5595 0.56-0.54pm 1.88-1.85pm 7.10-7.00pm	1.5548- 1.5958 1.56- 1.63pm 1.71- 1.66pm 6.60-6.50pm
Forward premiu	ms and discounts ap	ply to the US dolla
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**CURRENCY RATES** 1.47400 1.05664 1.25675 14.5565 43.3172 8.05797 7.02352 1502.81 149.198 1.78467 1.78467 1.78467 0.77603

	Bank of	Morgan
June.22	England Index	Charanty Changes %
Sterling	90.6 71.4	-20.4 -5.6
Conadian Dollar Ansyrian Schilling Belgian Franc	105.4 105.4	+0.2 +9.7 -5.9
Dataish Krone Deutsche Mark	103.0	+20.2
Swiss Franc	1163	+13.4
You	98.5 141.7	192

Morgan 1982 = 100, 1985 = 1000	Vol. 98.5 19.2 Vol. 141.7 +68.7 Morqua Gearanty changes: average 1980-1985-1000**Rates are for lune 21 OTHER CURRENCIES								
June.22				•					
Argentina Anstralia Stazii Fudand Greece Hong Kong Kansak Lucentourg Malaysia Micrico N. Zestand Saud Ar Slegapore S. Af (Gm) S. Af (Fn) Tahuan U.A.E	2.0165 2.1520 6.80250 12.2030 1036.40 0.46050 63.45 4.2225 3748.30 2.6640 5.8340 4.3005 6.2210 4.405	356.20 2.0190 2.11640 - 88230 - 265 60 11.2185 - 0.44235 - 0.45235 - 0.255 - 0.255 - 0.235 - 0.255 - 0.235 - 0.255 - 0.235 - 0.255 - 0	1.2885 1.3780 4.3000 166.75 7.7940 74.20 629500 2.6990 2.400.00 1.7020 2.7530 2.7530 2.7530 2.7530 2.7530 2.7530 2.7530	-228.00 -1.2895 -1.3850 -4.3620 -4.3620 -669.30 -0.29600 -41.00 -2.7020 -3.7510 -1.7650 -3.7510 -2.7560 -4.0550 -2.7560 -4.0550 -2.5560 -3.6730					

Treasury favoured a much sharper fall. The report went on to say that the G3 are looking for levels of around DML80 and Y130 by Septem-

Officials in Washington and Bonn denied any knowledge of such an agreement, but it is hard to believe the central banks were particularly upset hy the claims. They succeeded in achieving something the central banks have found very hard in recent weeks, namely pushing the dollar down, and this was done without spend-

ing any reserves.

The Bank of Japan did intervene on a small scale in Tokyo, probably selling about \$100m.

This took the currency though support at Y140.80 and Y140.25, hefers institutional investors. before institutional investors stepped in and prompted a minor raily to Y141.40 at the Tokyo close. At last night's London close the dollar had

Y143.75 on Wednesday. Mr Satoshi Sumita, governor of the Bank of Japan, mentioned the claims of the Wash-

ington consultancy report. He denied any G3 agreement, but said Japan and other nations will continus co-ordinated intervention. At the London close the dollar had also fallen to SFr1.6875 from SFr1.7025 and to FFr6.6525 from FFr6.6875. Its index fell 0.9 to 71.4.

Sterling gained a little ground against the weak dollar rising 35 points to \$1.5530 hut continued to slide against the D-Mark. The pound's sharp rise from DM2.9975 to DM3.0475 in March last year means there la no strong technical support near the DM3.00 level. Sterling closed at DM3.0425 last night, down from DM3.0525 on Wednesday and the market is becoming increasingly nervous that if the pound falls much further it will slip quickly to DM2 on

	Ecu central rates	Currency amounts against Ecm June_22	% charge from central rate	% change adjusted for divergence	Obsergence limit. %
glen Franc Jish Krone man D-Mark mon Franc ch Galider Part los Lira miss Peeta	42,4582	43 3172	+2 02	40.88	±1.5344
	7,85212	8.05797	+2 62	+1.46	±1.5404
	2,05653	2.06997	+0 56	-0.58	±1.0981
	6,90403	7.02352	+1 73	+0.59	±1.3674
	2,31940	2.3309	+0 50	-0.64	±1.5012
	0,768411	0.776232	+0 90	-0.15	±1.6694
	1483,58	1502.81	+1 30	+0.75	±4.0752
	133,804	131.690	-1 58	H/A	NJA

Day's Close		Cise mooth	2	Three section	% p.2
1.5460 - 1.5670	1.5525 - 1.5535	0.55-0.52cpm	413	1.67-1.63pm	4
		2-1 kmm	6.57		6.3
63.25 - 63.90	63.45 - 63.55	30-26cmm	5.29	86-80om	5:
11.794 - 11.884			4.45	134-125 pm	4.
		0.50-0.45pgra	4.99	1.43-1.30pm	4
		1%-1%pfpid	6.90		6.
		3-24cms			·'n
		30-52000	1.89		1.
		2.21cmm	7.07	71. 71.00	2
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		21.11 march	34	Ala Shor	ž
		15-16-mm	856	45-41-000	8
		12-10 groom 1	6.19	35-30cm	6
261 - 2634	2615 - 2625	14-14000	6.87	45-44 000	6.
1.4725 - 1.5015	1.4725 - 1.4735	0.61-0.58cpm	4.85	1.74-1.69pm	4.
	15460 - 1.5670 1.8400 - 1.8690 3.404 - 3.44 63.25 - 63.90 11.794 - 11.874 3.024 - 3.055 25.255 - 255.80 193.00 - 194, 75 2193 - 22184 11.024 - 11.124 10.274 - 10.355 2183 - 2218 2131 - 21.50 2431 - 21.50 2431 - 21.50 2451 - 2534	1540   15670   15525	1.540   1.5670   1.525   1.525   0.55   5.5250     1.8400   1.8690   1.525   1.525   0.25   0.1650     3.40   3.44   3.42   3.43   6.125   1.794   1.1894     1.400   1.1470   1.1470   1.1430     3.62   1.95   1.794   1.1894     1.400   1.1470   1.1470   1.1430     3.62   1.95   2.05   2.55   2.155     193.00   194.75   2.25   2.15   2.55     193.00   194.75   193.20   193.50     11.62   1.124   11.654   11.64   11.64     10.27   10.36   10.374   10.374     10.27   10.36   10.374   10.374     10.27   10.36   10.374   10.374     10.27   10.36   10.374   10.374     10.27   10.36   10.374   10.374     10.27   10.36   10.374   10.374     10.27   10.36   10.374   10.374     10.27   10.36   10.374   10.374     10.27   10.36   10.374   10.374     21.31   21.50   21.31   21.34     21.31   21.50   21.31   21.34     21.31   21.50   21.31   21.34     21.31   21.50   21.31   21.34     21.31   21.50   21.31   21.34     21.31   21.50   21.31   21.34     21.31   21.50   21.31   21.34     21.31   21.50   21.31   21.34     21.31   21.50   21.31   21.34     21.31   21.50   21.31   21.34     21.31   21.50   21.31   21.34     21.31   21.50   21.31   21.34     21.31   21.50   21.31   21.34     21.31   21.50   21.31	1.540   1.5670   1.525   1.5535   0.52-0.52ccm   4.13   1.540   1.8530   1.8530   0.25-0.16ccm   1.33   3.44   3.42   3.43   2.14 ccm   5.7   3.43   3.43   2.14 ccm   5.7   3.25   3.9   3.65   5.35   3.9   3.9   3.00   3.9	1.5400   1.5670   1.5525   1.5535   0.55-0.52cpm   1.33   1.67-1.63cm   1.630-1.8530   0.25-0.16ccm   1.33   0.71-1.55cm   0.72-0.16ccm   1.33   0.71-1.55cm   0.72-0.16ccm   1.33   0.71-1.55cm   0.72-0.16ccm   0.72

June 22	Day's spread	Close	Our month	<b>64</b>	Three mouths	BT.
JKJ	1.5460 - 1.5670	1.5525 - 1.5695	0.55-0.5700	413	1.67-1.63pm	4.2
relard)	1.3610 - 1.3680	1_3660 - 1_3670	0.12-0.1700	-1.27	0.15-0.2505	40.
anath	1.1910 - 1.1935	1.1920 - 1.1930	0.26-0.30mts	-282	0.84-0,900%	-5
lether lands.	21915-22120	2.2055 - 2.2065	0.46-0.44com	2.46	1.31-1.17pm	2:
lefatant	48.70 - 41.00	40.85 - 40.95	4.50-3.00mm	1.10	11.50-9.00om	1.0
enmark	7.574 - 7.624	7.594 - 7.604	0.35-0.10areum	0.36	0.55-0.15om	ä
, Germany	1.9455 - 1.9660	1.9590-1.9600	0.48-0.45phpm	2.86	1.33-1.29pgs	2
ortogal	163.00 - 163.35	163.25 - 163.35	50-80cdts	4.70	210-270ds	-51
pain	123.75 - 124.75	124.65 - 124.75	15-25atts	-1.93	75-8545	.2.
aly		14224 - 14234	3.20-3.70tireds	-250	9.80-10 50ds	- 2
orway	7.09-7.13	7.114 - 7.124	0.30-0.55greats	-0.72	1,75-2,05ds	-1
rance		6.65-6.65%	0.35-0.30com	0.59	1.00-0.8500	ā.
andry	6.59 - 6.63		0.95-1.10bredia	-1.86	3.07-3.27ds	-1.
724	140.30 - 141.60	1404 - 1414	0.52-0.50mm	4.35	150-L4799	-
atria	13.695 - 13.784		2 70-2 20man	214	7,90-6,4024	2
witzerland .		1.6870 - 1.6880	0.38-0.35cm	260		2
				200	109-1-05cm	-
CU	1,0565 - 1,0605	1.0585 1.0595	0.40-0.70abs	7.37	0.90-1,20dis	3.

	URO-CI	JRREN	CY INTI	REST	RATES	
June 22	Short term	7 Days section	Gast Month	Three Months	Str. Months	Gar. Year
Sterling US Dotlar Can, Dollar D. Guilder Sw. Franc Destschamit Fr. Franc Ballar D. Grid S. Fr. (Cla) S. Fr. (Cla) O. Krose Actan \$Storg	13-123- 91-92- 121-121- 69-69- 69-69- 11-9- 9-83- 51-3- 91-91- 91-91- 91-91- 91-91-	134-13 224-23 124-23 124-23 14-43 14-43 14-43 14-43 14-44	134-136 94-74 124-121 74-68 64-64 64-64 63-74 124-124 87-84 94-74 94-74	14-7-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1	14-16-16-16-16-16-16-16-16-16-16-16-16-16-	14-14-17-18-18-18-18-18-18-18-18-18-18-18-18-18-

			CHA	NGE	CRC	55	RATE	\$		
Jme.22	E	3	DMI	Vest	F Pr.	S Fr.	H FL	Lips	CS	8 Pr.
ś	0.644	1.553	3.043 1.959	219.0 141.0	10.33 6.632	2,620 1,687	1425 2205	ZZ16 1423	1.853	63.50 40.87
AEN	0.329 4.566	0.510 7.091	13.89	71.97 1000.	3.3% 47.17	0.861 11.96	1.126	7253	0.607 8.461	20.97 290.0
F Pr. 5 Fr.	0.968 0.362	1.503 0.563	2.946 1.161	212.0 83.57	10 3,943	2.536	1307	2139 343.5	1.794	61.47 24.24
H FL Ura	0.292 0.452	0.453	0.888 1.377	63.94 99.10	3.016 4.674	0.765 1.186	1 1.550	645.3 1000.	0.541 0.638	13.54 23.73
CS B Fr.	0.540 1.575	0.838	1,642	1182	5.575 14.27	1.414	1.848	1199	1 2.918	34.27

**FINANCIAL FUTURES** 

# Good trade in German bonds

SEPTEMBER DELIVERY West German Government honds was the most active contract trading on Liffe yesterday. This traded over 25,000 lots while September short sterling managed less than 19,000

Short sterling opened a little firmer at 85.69, and held within a narrow range of 85.66 to 85.77, hefore closing at 85.72 compared with 85.65 on Wednesday. This takes it back to around the middle of the range that the market regards

LIFFE LONG SELT FUTURES SPITE 5年14年8月1日 Estimated volume total, Calls 1437 Pats 109 Previous day's open lat, Calls 9927 Pats 14255

LIFFE L/S OFTIONS 625,000 loads per (1) 1600 1600 1100 413 269 83 17 2 LONDON (LIFFE)

91.10 91.20 91.20 90.88 91.04 91.24 91.20 91.19 91.19 91.25 91.25 91.06 91.09 91.17 91.10 Estimated Volume 4391 (483%) Provious day's open let, 16241 (15856)

Estimated Volume 3023 (2532) Provious Agr's open lat. 25144 (24806) POUNT-S G-DREIGH EXCHANGED 1-40 3-40 6-40 12-40 1547 1536 15182 14863 AND STEEL DIG SI per E

# **MONEY MARKETS**

## London rates steady THERE WAS little change in interest rates yesterday on the

London money market. Trading was nervous, as a result of sterling's slide below DM3.05 and ahead of the UK trade fig-ures next Tuesday, but the market does oot believe the authorities are willing to

UK clearing bank hase lending rate 14 per cent from May 24

endorse higher bank base rates at present. Three-month sterling interbank traded virtually unchanged all day at 14-13 per cent.

Day-to-day credit conditions remaioed comfortable. The supply of liquidity was ade-quate, with the Bank of England forecasting a flat day and not operating in the mar-let Bills maturing in official ket. Bills maturing in official hands and a take-up of Treasury bills drained £225m, with a rise in the note circulation absorbing £65m. These factors were roughly balanced by Exchequer transactions adding £300m to liquidity.

In New York the US Federal Reserve added temporary liquidity to the banking system, via four-day system repurchase agreements, when Federal funds were trading at 9% per cent. This was in line with expectations and reflects a swing in credit conditions against the market as tax payments have drawn funds out of the banking system.

In Frankfurt call money eased to 6.30 per cent from 6.40 per ceot, as sentiment was encouraged by a weakening of the dollar and figures showing that West German M3 money supply grew at an annualised 5.4 per cent in May, against 6.2 per ceot in April, falling much closer to the Bundesbank's target of about 5 per cent. It was also a sign that the market has sufficient funds, in spite of this week's drain of money at the Bundesbank's securities repur-

chase agreement tender.
On the other hand dealers noted that Mr Karl Otto Poehl, president of the Bundesbank warned about the dangers of robust growth in the economy. The Bundesbank's June report highlights the possible problems of capacity restraints at a time of high demand for German goods. The market fears this could lead to a tightening of monetary policy later in the

year. In Oslo the Norwegian Central Bank cut its important overnight lending rate by 1/4 per cent to 10 per cent. The central bank said this was reflection of the current strength of the krone. A similar reduction was made on May

9, and the rate has been cut by 3.8 per cent over the past year. The overnight rate is the rata at which commercial banks borrow funds, and has a direct impact on the general level of interest rates in Nor-

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as most likely at present, between an optimistic view at 86.20 and a more pessimistic outlook at 85.40. market will have to believe

hase rates are not going

German Government bonds

weakened to 94.85 from 95.24,

after an active day, reflecting

speculation that a strong econ-omy could lead to a rise in the

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around the contract's delivery

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0.5125 0.5132 0.5165 0.5161

time in September.

**通索對對級系統** 

Next Tuesday's publication of the UK trade figures has not yet led to any particular nervousness in the market and yesterday's weakening of ster-ling against the D-Mark was not an important factor, as far as Liffe was concerned, with the pound's decline disguised by the fall of the dollar. Nevertheless, the City fears

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cross-Channel link that's already working UK's trade position in May from the £1.66bn deficit in April, and if short sterling is to London-Paris in Milliseconds move up towards 86.00 the

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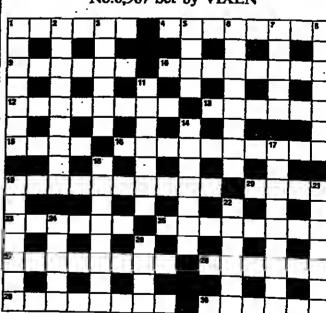
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**JOTTER PAD** 

## **CROSSWORD**

No.6,967 Set by VIXEN



ACROSS

1 Only just a hundred — in shock (6)

4 Plant about a quarter before the fall to get early blossom

9 Crooked gang, having dropped leader, went ahead

(6) 10 Old soldiers, when broke, save rent (8) Firm can't carry on road

building (8)
13 in Polynesis, the Nature goddess (6)
15 Cutting in error (4) 16 See about a certain issue with a lawyer at the proper

time (10)

19 Fighters are men. This is as it should be (3,7) 29 Lacking work — and it's the same with the French (4) 23 Point to Georgia in the wine

bar (6)
25 Taking tea to occupy supporter (8)
27 An official event—and the person chosen gets cross (8)
28 The warning sound of some children (8)

gliders (6) 29 The current may be down,

true (8)
30 Did some writing, but not

1 Notices about an..... about spirited meetings (7)

2 Entering a strange country

5 Bearing with a pressman causing distress (4) 6 Twisting others - and fly

about it (8)
7 Some tasks are a delight, he wrote (5)
8 Course for a fool turned philosopher (7)

11 Eradicate mice possibly in one particular area (7)

14 Maintains the estate about right (7)

China's after interior game

18 "Stern — of the voice of God," Wordsworth (8)

19 The picture appears masterly framed by a Greek character (7)

21 The know-it-all had for example double trouble (7)

22 Giving a guy time to run (6)

24 It's anxiety that makes many peruse their books (5)

26 Appeal for help and love, as is only fair (2-2)

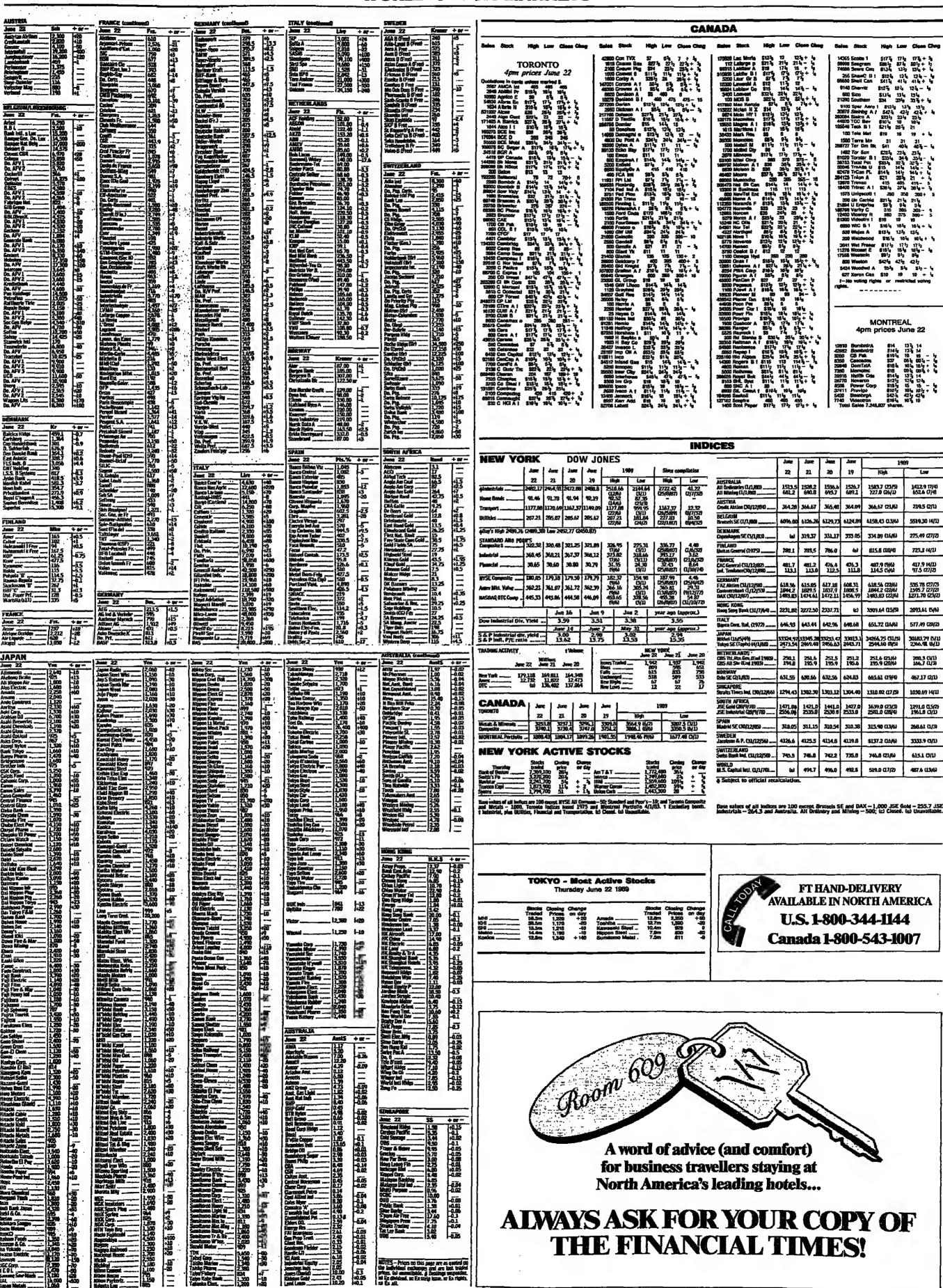
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## **WORLD STOCK MARKETS**



THE FINANCIAL TIMES!

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observers note that foreigners.

particularly UK and US institutions, moved in during the later stages. The Japanese

were even said to be "dipping their toes" into the market.

Mr Roberto Morelli of County NatWest WoodMac said there

were no new factors to support

a further recovery by the

"We have seen a domestic

sentiment-driven rise, which

was very euphoric towards the

end, fizzle out. My feeling is that until something funda-mental changes the market is

not going into a sustained rally," he says. A fundamental change, in

his view, would be either signs of improvement in Italy's public

sector debt problem or a politi-cal development to break the current deadlock.

Mr John Whitehead, strategist at Robert Fleming Securities, also believes that the

positive than there was before the European elections and we consider that there will be ris-

ing concern about the financial system right up to the aboli-

months' time. We expect Italy to underperform the European

political problems remain. There is less cause to be

On the more sceptical side,

# **Equities rebound strongly** with gains in final hour

### **Wall Street**

AFTER A weak start, equities rebonnded quite strongly although, as on many occasions in recent months, most of the gains came in the last hour, writes Janet Bush in New

The Dow Jones Industrial Average closed 17.26 points higher at 2,482.17 on moder ately ective volume of 176m. Other major indices also made

healthy gains.

The Treasury bond market rallied as traders focused on downward revisions in the first quarter's inflation indicators in spite of an upward revision in GNP growth, although price gains were limited by a sharp fall in the dollar. While growth was revised

upwards slightly to 4.4 per cent from 4.3 per cent, the implicit price deflator gain was reported as 3.6 per cent from 3.9 per cent previously indi-cated and the fixed weight deflator, the preferred measure for many economists, was revised downwards to a gain of 4.6 per cent from 5.0 per cent earlier reported. Yesterday's GNP release is

continued their solid edvance,

shrugging off profit-takers.

while most other bourses ended mixed, writes Our Mar-

kets Staff.
FRANKFURT surged ahead

again in spite of warnings that

it had risen too far too fast, and the indices shook off bouts

of profit taking to close at new

highs in very active trading.
A weakening in the dollar,
and a fall in domestic money
supply growth to 5.4 per cent
in May from April's 6.2 per

cent, provided an encouraging backdrop for further gains.

There was also promising news on the tax front, with Mr

Helmut Haussmann, econom-

ics minister, proposing that the coporate tax burden hy cut by

The FAZ index climbed close to the 620 level, rising 3.51 to 618.56, while the DAX ended 9.22 better at 1,483.83, below its

best of the day. Turnover rose

to DM7.5bn worth of German shares from Wednesday's

DM6hn. The after market was generally firm on the back of Wall Street. Leading blue chips remained

ectively traded. Insurers were

in demand, henefiting from having underperformed the market and from the hetter

interest rate climate. Allianz rose DM49 to DM1,912.

Mannesmann gained DM2.50 to DM262 after news of an off-

shore pipe order from BP. Steel stock Hoeseb added DM2 to

DM282 amid news of a Soviet co-operation project. Continen-

tal, a recent underperformer, advanced a solid DM7.50 to DM310, benefiting from strength in the car sector.

Chemicei Bayer dropped

DM13.30 to DM298.50, going ex

PARIS ended mixed to higher in restrained trading.

with many late price move-

ments attributable to positionsquaring on the last day of the

The OMF 50 index was off

0.71 at 495.98, while the CAC 40 index added 1.45 to 1,739.04. The opening CAC General edged up 0.5 to 481.7.

a dividend of DM12.

monthly account.

DM25bn-DM30bn after 1991.

effect on the trend of markets with the data looking old as we approach the end of the second

The encouraging aspect of yesterday's bond rally, which helped stocks a little, was that it came in spite of another weakening in the dollar, partly on rumours, later denied, that President George Bush had been shot.

The recovery in stocks yesterday morning may have more to do with the fact that the market has been dropping for several days now than any fundamental economic factors. In the previous seven sessions, the Dow had recorded falls in six of them, taking the index to a level well below its postcrash high of 2,518.66 on June

Frankfurt powers ahead

in spite of profit-taking

Legrand, which makes power distribution eqmpment, was an

outstanding performer, jump-

ing FFr286, or 7.7 per cent, to FFr3,985 following news it was

buying a 45 per cent stake in Italian competitor Ticino, Bro-

kers County NatWest Wood-

Mac, in a huy recommendation,

said the cost of the stake was

thought to be about FFrthn

and that the two companies' products were complementary,

products were complementary, with Ticino strong on design and Legrand strong on technol-

Pechiney was actively traded, with the investment certificate rising FFr15 to FFr380 on 667,000 shares and

the international stock gaining

FFr1.40 to FFr228.90 on 903,000

shares. There was a big buy order for the international

Thomson CSF dropped FFr8 to FFr221 in spite of a FFr225m

order from the French army.

Pharmaceutical group Rous-sel Uclaf reported higher first

FFr50 at FFr1,770, while Clnh Med gained FFr6 to FFr644.

reporting a 59 per cent profits leap in the first half.

MADRID fell hack after Wednesday's gains and an

early upward spurt yesterday, with the general index shed-ding 1.15 to 310.05.

Turnover has been thin lately, with e low \$87.8m worth

arely, with e low \$57.8m worth of shares changing hands on Wednesday.

Telefonica lost 4.7 percentage points to 199 per cent of nominal market value, losing most of Wednesday's advance, while Repsol shed 3.8 to 426.2.

Tabasalara proprietative with

Tabacalera, negotiating with KKR to buy the 50.5 per cent of

Nabisco Brands España that it

does not own, eased 8 points to

935 per cent of par.
AMSTERDAM was hroadly

lower by the close in slightly higher volume. up from Wednesday's Fl 889m to Fl 905m. The CBS tendsncy index shed 1.2 to 181.6.

Attention centered on diver-

sified trading company Bor-

ogy and processes

share on Wednes

Takeover stocks continued to be in the limelight. News of Hanson Trust of Britain's bid for Consolidated Goldfields Although there has been a fairly substantial correction after reaching this post-crash sparked some interest. Newhigh, the market continues to look vulnerable overall. In technical terms, the market has not seemed to have much mont Mining, 48 per csnt-owned by Consolidated Goldfields, jumped \$5 1/4 to \$40. New-mont Gold, a subsidiary of conviction either when the sell-Newmont Mining, added \$2 to \$33 % and Hanson's ADRs rose srs or buyers bave been in charge, although price falls have been exacerbated by rounds of stock index arbitrage

Integrated Resources, the real estate and insurance firm

profits down by 10 per cent in

was up 2.7 at 607.8. Banks remained a strong

sector with Swiss Bank Corp and Union Bank bearers regis-

tering strong gains.
Shares of Jacobs Suchard,

the confectioners, were volatile

after the company's announce-

ment that foreigners would be allowed to own its registered

Holding company Societé Générale, which on Tuesday announced its issue next weck would be priced at BFr3,000, dropped BFr310 to BFr4,540.

The offer is equivalent to a price of BFr4,500.

One of the few companies to attract interest was chemical group Gechem which rose BFr12 to BFr1,160 on a turn-

over of 22,600 shares.
STOCKHOLM closed slightly

lower in lacklustre trading

before the long holiday week-

Electrolux was the most actively traded stock with

free-B shares worth SKr20m changing hands, but it closed

unchanged at SKr323.
The Affärsvärlden General

index fell 1.1 to 1,206.7. HELSINKI also slipped in

advance of the long weekend with the Unitas all-share index

down 3.4 et 780.1. OSLO closed mixed in mod-

soon run out on them, espe-cially if the market works itself

into an oversold condition and

it is not too far away from

Given the fact that opinion

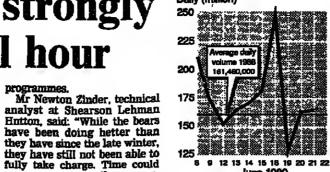
on the direction of the econ-omy and the balance of policy

is so mixed, market move-ments from day to day can be

influenced almost entirely by the pattern of trading in the last few days and the level of

the main indices.

## **NYSE volume**



8 9 12 13 14 15 18 19 20 21 22 June 1989

which is struggling with a severe liquidity crisis, rose \$% to \$4% on news of a possible takeover by Mr Robert Bass, ths Texas investor. Integrated's stock has plunged from a peak of \$18 last month because of difficulties in meeting pay-ments on usarly \$1hn in

short-term debt.
Kinetic Concepts fell \$21/4 to \$5% in over-the-counter trad-ing after the company warned ahout lower second quarter

### Canada

SHARE PRICES closed higher in active trading. The 300 composite index finished up 9.6 to 3,740.1. Volume of 36,263,000 shares was inflated by a 4.6m block of Ulster Petroleums and was well above Wednesday's 26.936.000 shares.

### **ASIA PACIFIC**

# Surge in yen provokes a see-saw response

software.

INITIALLY heartened by the yen's surge and rumours of an agreement by the US, Japan and West Germany to curb the dollar's rise, the Tokyo market Investors scramhled to sell when the board revealed that textile losses pushed group marched ahead in morning trading, writes Yuriko Mita in the first five months, Steelmaker Hoogovens, sec-

ond most actively traded stock, continued to be a profit-takers' target, losing Fl 1.40 to Fl 118.30. But the suddenness of the yen's climb seemed to prompt caution, and by the afternoon trading had become sluggish. In spite of its early gains, the Nikkei average closed 20.31 lower at 33,324.97. ZURICH trading was very busy and the market ended mixed with a firm undercur-rent. The Crédit Suisse index

The day's high was 33,427.40 while the low was 33,262.18. Gains led losses by 468 to 413, with 205 issues unchanged. Although morning volume was healthy at 350m shares, the decline of interest in the afternoon left total turnover at only 584m shares, down from the 683m on Wednesday.

The Topix index of all listed shares rose 4.14 to 2,473.54. In later London trading, the ISE/ Nikkel 50 index fell 2.08 to

Rumours spread in Tokyo of Three were collaborating to hring the dollar down below Y140 before the meeting of the Group of Seven industrial nations in July. After plunging in overnight trading in New York, the dollar continued its

downtrend in Tokyo. The yen's rise, however, did not hring about a total recov-ery in confidence. Some investors have become extremely cautious about currency. They fear that if the yen can rise so

rapidly and strongly, then it could fall just as quickly.

Optimists, on the other hand, said that the strengthening yen could bring an inflow of capital into Tokyo equities.

There were buy orders for construction and domestic demand-related stocks and foreigners were again net buyers.

## But cantion appeared to pre-vail, as the low volums indi-**SOUTH AFRICA**

THE RISE in the bullion price caused active trade and a spurt by gold shares in Johan-nesburg. The npward trend spread to most other sectors.

### cated. Interest continued to focus on large capital shipbuildings, as some institutional investors tried to support stocks in which they have huge hold-

ings. Others were encouraged by reports of the improvement in business results.

For the second day in a row,

WO weeks ago, the Italian market caused wide-

ascent after being grounded for

most of the year. The bull run lasted for 11

glorious days and took Milan's

Comit index up by 6.4 per cent.
That compares with the pairry
3.8 per cent advance that the
market had managed since

January 1, during a period

when European bourses as a whole had climbed 13 per cent.

But Italy's sparkling surge

came to an abrupt halt this week, with the market ending

mixed yesterday and the Comit

mixed yesterday and the Count index at 646.93, 0.7 per cent below last Friday's high of 651.72. After spending days cheerfully ignoring the absence of a government, the bourse lost its nerve in the wake of the European election results.

Was this just an 11-day won-der, or the start of a concerted npward march? Analysts appear deeply divided over the immediate outlook.

Mr Paolo Azzoni, of Milan

brokerage house Albertini, said the election results had deep-ened the political crisis in Italy by falling to promise any more

than a further clutch of coali-tions. "The financial commu-

nity was expecting a strength-ening of the governing parties.

spread surprise by taking off on a sudden and sharp

the three most active issues were large capital shiphuild-ings. Mitsubishi Heavy Indus-tries gained Y20 to Y1,220 after rising to a record high of Y1,230 in early trading. It was the most active stock with 58.3m shares changing hands. Kawasaki Heavy Industries lost Y20 to Y1,170 on volume of

38.5m shares.
Trading in Konica, a leading producer of photosensitive materials, was temporarily suspended in the morning as it surged Y100 to Y1,300. Its profits for the fiscal year ended

April are estimated to have risen 15.8 per cent and its price earnings ratio is at e low of 51. Rumours that a speculative group was attempting to increase its stake sparked fur-ther interest and Konica closed

Twists and turns in Milanese plot

Simon Greaves asks if Italy's surge was merely an 11-day wonder

What has happened was not in line with expectations."

However, he is cautiously hullish. "I have formed the

view that when people have

had a bit more time to consider

the results sentiment will

again be a bit more optimistic.

egam se a on more optimistic.

Prices are still not very high."

Even at its peak last Friday,
the market was still about 30
per cent below its all-time high
of 908.20, scaled in May 1986.
One obstacle to long-term

recovery, he points out, is the

slow progress towards reform of the financial markets and the introduction of legislation

covering insider trading, anti-trust law and public offerings. Italy's Consoh regulatory

authority has been accused of weakness and inefficiency. As

Mr Azzoni put it: "What Italy needs is re-regulation not

de-regulation."

The bourse is also a long

way from computerised trad-ing, with squabbles emerging

over access to information, the choice of systems and who should get the order for the

However, in the short-term at least, some analysts are rec-

ommending internettonal investors to increase their

weightings in the Italian

Mr Gabriele Muzio, analyst

Y140, or nearly 12 per cent, higher at Y1,340. In thin Osaka trading of only 58.6m shares, the OSE average gained 88.25 to 32,474.33.

### Roundup

JOYLESS trading character-ised most Asia Pacific markets yesterday, with most of them

ending weaker.
HONG KONG again headed lower in more active trading worth HK\$924m, up from Wednesday's HK\$732m, The market remained nervous about the Chinese situation and brokers reported little underlying support.

The Hang Seng index lost 40.68 to 2,231.82 in spite of a round of bargain-hunting during the morning. The index had earlier hit a low of 2,202. Bearish news from New World Development, which has indefinitely poetponed e HK\$1hn convertible hond

(ex UK)

1988

at Swiss Banking Corporation in London, says the consolida-tion after the 11-day rise was expected, although it was "a hit more violent than we antic-ipated." He adds: "Ws are posi-

tive and we think the market should look quite well sup-ported in the next few days."

Mr Muzio points to a survey which showed that 70 per cent

of Italy's listed companies reported 25 per cent increases in earnings on average last year, way above the most optimistic forecasts. SBC has been

revising its estimates for this

year sharply upwards.
The recent rally was driven

by domestic investors, hnt

1987

HK\$1hn convertible hond issue, sent the stock down 10 cents to HK\$7.55. On the npside, Bond Corp International jumped 17 cents to HK\$1.51 following charcholders' approval of the sale of its half-stake in the Bond Centre. Hang Seng index futures contracts were weak, with June at 2,220, a fall of 42. AUSTRALIA had a thin session, with stocks ending lower on nervousness about the sudden rise in the Australian dollar against the US dollar and a general lack of interest before the end of the fiscal year on June 30. The All Ordinaries

index lost 14.7 to 1,513.5 in low turnover of about A3136m.

The rise in the local dollar and e fall in base metal prices hit resources stocks in particu-lar, and the continuing troubles at Bougainville Copper's Papua New Guinea mine added further worries. CRA, with a 49 per cent stake in Bougainville, fell 18 cents to A\$8.44.

Banks were weak, on worries of exposure to the troubled property group, Hooker, which fell 3 cents to 53 cents.

SINGAPORE was hit by profit-taking and the Straits Times industrial index fell below 1,300, losing 7.87 to 1,294.43. Turnover was a modest 56m. shares, down from Wednesday's 58.6m.

Singapore Airlines foreign shed 30 cents to S\$17.60 and Straits Steamship was down 12 cents at S\$3.24.

## shares for the first time. Suchard bearers wars unchanged at SFr7,210 while registered shares closed SFr35 firmer at SFr1,550. lower in quiet trading. Ths cash index lost 30.26 to 6,096.0.

This announcement appears as a matter of record only

# Wates City of London Properties ple

## £105,000,000 **Multi-Option Facility**

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## Lead Managers

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## Agent Bank

Samuel Montagu & Co. Limited

## erate tnrnover worth NKr239.1m as the all-share index dipped 0.11 points to sumij-Webry, which plunged Fi 17.60, or 11 per cent, to Fl 140 after news of a profits

FT-ACTUARIES WORLD INDICES

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	Mackenzie in conjunction	with the Institut	e of Actuaries an	d the Faculty of Actuarie	35

NATIONAL AND REGIONAL MARXETS _			JL YAGBRI	NE 22 198			WEDNESDAY JUNE 21 1989 DO					LLAR INDEX	
Figures in parenthoses show number of stocks per grouping	US Dollar Index	Oay's Change	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1969 Low	Year ago (appro	
Australia (85)	133.92	+ 0.0	127.84	114.81	- 1.6	5.13	133.98	128.17	118.67	157.12	128.28	147.8	
Austria (19)	123.47	+0.9	117.88	125.46	- O.S	2.12	122.40	117.12	126.19	124.19	92.84	85.5	
3elglum (63)	129.12	+ 0.3	123.26	130,39	-0.7	4.21	128.71	123.15	131.25	137.10	125.58	122	
Canada (123)	139.79	+ 0.7	133.45	120.71	+0.6	3.31	138.80	132.81	120.31	141.80	124.67	128.	
Denmark (38)	193.65	+0.6	184.87	200.17	+ 0.1	1.88	192.00	183.71	199.96	194.05	165.35	129.	
inland (26)	141.08	+0.1	134.68	129.12	- 1.4	1.63	140.88	134.79	131.00	159,16	125.81	134	
rance (128)	118.26	+ 0.6	113.85	124.45	+0.1	3.05	118.50	113.38	124.30	122.79	112.57	98	
Vost Germany (100)	89.45	+ 1.2	85.39	91.12	+ 0.7	2.23	88.38				79.56	76.	
long Kong (49)	92.77	1.9	88.58	92.84	-2.0	5.76		84.56	90.51	90.40		109	
eland (17)	135.17	+ 1.0	129.04	139.38	+0.0	8.02	94.60	90.52	94.71	140.33	88.41		
aly (97)	83.34	+0.9	79.56				133.87	128.09	139.42	151.36	125.00	140	
	176.70	+ 2.2		88.57	+0.8	2.51	82.58	79.02	88.07	88.88	74.97	72	
apan (455)			168.69	157.49	+ 0.2	0.50	172.98	165.51	157.16	200.11	164.22	166	
lalaysıa (36)	179.37	-0.2	171.24	188.56	-0.7	2.57	179.70	171.94	187.83	185.03	143.35	151.	
lexico (13)	271.98	+ 5.9	259.65	713.84	+ 2.0	0.71	256.84	245.85	699.51	271.98	153.32	169	
etherland (42)	119.24	-0.1	113.63	120.05	~ 0.6	4.31	116.33	114.16	120.90	122.22	110.63	106	
lew Zealand (24)	67.74	+ 1.6	64.87	81.28	+0.0	8.06	88.47	63.60	\$1.25	76.02	62.64	82	
orway (26)	176.83	+ 1.7	168.81	170.89	+ 0.6	1.54	173.94	166.42	189.80	198,39	139.92	125	
ingapore (26)	159.52	-0.6	152.29	143.64	- 0.9	1.93	160.41	153.49	144.89	161.98	124.57	122	
outh Africa (60)	145.81	+ 0.3	139.20	128.26	+2.4	4.17	145.31	139.04	125.31	145.61	115.35	126	
pain (43)	148.29	- 0.4	141.58	140.08	-0.4	8.61	148.84	142.41	140.66	156.17	143.14	157	
weden (35)	184.31	+0.9	158.86	160.97	+0.1	2.13	162.80		180.75	184.31	138.45	120	
witzerland (57)	76.91	+ 1.3	76.29	83.60	+0.4	2.30		155.77			67.81	81	
nited Kingdom (314)	139.86	+0.8	133.52	133.52	+0.3		78.61	75.50	83.29	79.81		137	
						4.38	139.0B	133.07	133.07	153.33	133.28		
SA (555)	131.44	+ 0.5	125.48	131.44	+0.5	3.41	130.78	125.14	130.78	133,36	112.13	112	
urope (1005)	116.03	+0.7	112.68	116.84	+0.2	3.51	117.26	112.20	116.57	121.70	112.63	108	
ordic (125)	15 <del>9</del> .35	+0.9	152_12	152.82	+0.0	1.88	157.93	151.11	152.80	159.35	137.95	115	
acilic Basin (675)	172.00	+2.0	164.20	153.53	+0.1	0.74	168.81	161.33	153.36	194.72	160.44	163	
uro - Pacific (1680)	150.48	+ 1.8	143.65	138.81	+0.1	1.63	148.15	141.75	138.60	164.22	141.50	141	
orth America (676)	131.84	+ 0.5	125.86	130.76	+ 0.5	3.41	131.17	125.51	130.14	133.73	112.79	112	
urope Ex. UK (691)	104.11	÷ 0.7	99.39	108.53	+0.2	2.88	103,37		106.36	105.29	96.30	91	
acific Ex. Japan (220)	115.74	-0.5	110.49	104.15	- 1.5	5.00		98.61		187.65	111.93	126	
orld Ex. US (1875)	150.13	+ 1.5	143.33	138.30	+0.2		116.30	111.28	105.74		141.49	141	
	142.73		136.28	136.20		1.70	147.86	141.48	138.06	162.77		129	
orld Ex. UK (2117)		+ 1.3			+0.3	2.08	140.96	134.88	135.82	146.04	136.98	123	
forid Ex. So. At. (2371)	142.44	÷ 1.2	135.98	135.99	+0.3	2.26	140.75	134.67	135.62	146.88	136.67		
lorid Ex. Jspan (1976)	126.28	+0.5	120.55	124.95	+0.3	3.51	125.61	120.16	124.52	126.50	114.51	112	
he World Indsx (2431)	142.46	+1.2	136.00	135.93	+0.8	2.27	140.78	134.70	135.55	146.51	136.68	129.	